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**ANNUITY & LIFE
INSURANCE SHOPPER**

**Jan. - Mar. 1997
Volume 12, Number 1**

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**ANNUITY & LIFE INSURANCE
SHOPPER** (ISSN 1071-4510) is pub-
lished quarterly by United States Annuities.
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**ANNUITY & LIFE INSURANCE
SHOPPER** is sold by subscription throughout
the United States. U.S. third-class delivery,
prepaid only, \$65 for 1 year (4 quarterly
issues), \$95 for 2 years, \$120 for 3 years.
Single issue: \$20.

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Medicaid Law, Transfers of Assets, and Spousal Impoverishment

This article primarily sets forth the Medicaid rules regarding assets, income and what is called "spousal impoverishment," that is, what income and resources the husband or wife of a Medicaid recipient in a nursing home can retain. We have included information about the most recent changes enacted by Congress and New York State. Many of these changes have also been initiated in other states.

Medicaid is a joint federal, state and city program which provides medical assistance for persons with low incomes and limited assets. It is available to persons who are eligible for public assistance or SSI (Supplementary Security Income). However, Medicaid is also available in some states for persons with higher incomes. In states like New York the Medicaid Surplus Income Program is available for persons over sixty-five or who are blind or disabled whose incomes are too high to qualify for public assistance or SSI, but who spend down any excess income on medical costs until they reach the Medicaid income level (see paragraph below on the Medicaid Surplus Income Program). Once this eligibility threshold is met Medicaid covers all types of medical care including hospital care, doctor bills, nursing home coverage, home care, and prescriptions. If you are on Medicare, then Medicaid covers the Medicare deductibles and many of the services not provided by Medicare.

BULLETIN: The Health Insurance Portability and Accountability Act of 1996 has provisions that criminalize certain transfers in order to qualify for Medicaid. The act is effective Jan. 1, 1997, and certain of its provisions are ambiguous and open to interpretation. However, no planning which involves transfers of assets should be embarked

upon without first consulting a knowledgeable attorney.

MEDICARE: Without Further Help You Could Go Broke.

Medicare is a federal program available to persons who are sixty-five years of age and older and certain dis-



abled persons. Basically it is the health insurance component of Social Security. There is a Medicare Part A which covers hospital care and a limited amount of "skilled" nursing care and home health care. There is an optional Medicare Part B which covers part of physicians' costs and other medical services and supplies.

Medicare is the most cost-effective health insurance a senior citizen can buy! Everyone eligible should have Medicare coverage and take the optional Part B coverage at the earliest time allowable (unless they have carefully compared Part B to their own employer's retiree plan). Medicare,

however, is far from perfect; it is in fact a safety net with many large holes. Medicare has certain deductibles, limited payment periods, and restrictions on the types of services covered. Two of the most severe restrictions are that it only covers nursing home care if it is "skilled" care rather than "custodial," and it covers only 100 days of nursing home care per spell of illness.¹

There are also Medigap or private Medicare supplemental insurance policies. These fill in some of the gaps in Medicare coverage. For example most Medigap policies cover the 20% of physician's charges not covered under Medicare. However, most policies do not cover the part of the physician charges above the Medicare approved level. Also, new Medigap policies which cover nursing home care only cover 80 days of coinsurance and care which is "skilled" under the Medicare definition (this may not include all care which is received in a "Skilled Nursing Facility") and even this skilled care coverage is limited. Because of the limited coverage of Medicare and Medigap insurance, the only alternative for many persons facing extensive health care needs, whether at home or in an institution, is the Medicaid program.

MEDICAID: Some Points to Note.

It is important to note that under Medicaid rules regarding transfers of assets (gifts) and spousal impoverishment, the guidelines for getting community based care which includes doctor visits, prescriptions, home health care and hospital coverage are very different from the rules for getting nursing home coverage. For example, in New York State transfers of resources (gifts) will not disqualify you from receiving community-based care including home health care, but will cause a disqualification period for

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nursing home care. The "spousal impoverishment" law only affects nursing home care.

MEDICAID: Surplus Income Program

An individual, in order to receive Medicaid, can currently have non-exempt resources of no more than \$3,350 with an additional \$1,500 in a burial fund. However, the spouse remaining in the community of an individual in a nursing home can retain significantly higher amounts of assets and still not affect the nursing home spouse's Medicaid eligibility. The asset rules for a community spouse are discussed below in the section on "Income and Resources of Institutionalized Spouse and Community Spouse."

An individual Medicaid recipient residing in the community can retain income of \$559 per month (and an unearned income credit of \$20 for some recipients) and receive Medicaid;² an individual in an institution such as a nursing home is restricted to a personal needs allowance of \$50 per month.

Transfer of Asset Rules

Medicaid generally will look at all asset transfers which occurred during the last 36 months, and in some instances relating to transfers to and from trusts it will look back 60 months. A transfer by either the Medicaid applicant or the spouse of the Medicaid applicant will affect the eligibility of the one applying for Medicaid for nursing home services, and some "nursing home-like" services in a hospital, and some special home health care programs. These same transfers in New York currently will not effect eligibility for Medicaid generally for home health care and hospital care, as long as the individual is residing in the community and not "institutionalized."

An institutionalized person (that is, a person in a nursing home or receiving equivalent services in a hospital) is ineligible for Medicaid coverage for a period of time after a gift or transfer of

resources by the person or his or her spouse. The person is ineligible for a period equal to the value of the resource divided by the average cost of nursing facility services to a private patient in the community. In New York City the average cost of nursing facility services for 1996 is presumed to be \$6,521 per month. On Long Island it is \$6,790. In Westchester, Orange, Putnam and Rockland it is \$5,930.

Under a change in the law there is



no longer a "cap" on the waiting period equal to the 36 month look back period. If you apply too soon after a transfer for Medicaid, you may create a waiting period longer than 36 months!

Under the transfer rules certain resources and transfers are exempt. A home is exempt if transferred to one of the following:

1. a spouse,
2. a minor (under 21), or a blind or disabled child of the person,
3. a brother or sister with an equity interest in the home who resided in the home one year before institutionalization,

4. a son or daughter who resided in the home two years and provided care so as to keep the person from becoming institutionalized.

Certain other transfers of any resource are also exempt. The transfer is exempt if the resource was transferred to a spouse or to another for the sole benefit of the spouse, or transfers from a spouse to another for the sole benefit of the spouse; to a disabled child, or specifically to a trust established solely for the benefit of the disabled child; or to a trust established solely for the benefit of a disabled individual under age 65. If the transfer was to the spouse however, then the spouse is prohibited from transferring the resource without creating a waiting period.

Certain other transfers are exempt, for example, if the resource was intended to be disposed of at fair market value or the transfer was exclusively for a purpose other than to qualify for Medicaid. The law states that Medicaid also would not be denied if it would work an undue hardship. However, "undue hardship" may be difficult to establish.

Treatment of Income and Resources of Institutionalized Spouse and Community Spouse

Under these Medicaid rules an "institutionalized spouse" includes not only a person in a nursing home, but a person in a hospital who is expected to remain in such a facility for at least 30 consecutive days.³

Resources

All resources held by either spouse or both shall be considered available to the institutionalized spouse to the extent the value exceeds the Community Spouse Resource Allowance (CSRA). The CSRA is \$74,820 or one-half the couple's resources as of the date of institutionalization to a maximum of \$76,740. However, a greater amount may be established for support of the community spouse pursuant to a fair hearing or pursuant to court order for support. The resources of a community spouse in-

clude those transferred to the community spouse by the applicant/recipient as allowed by the rules on transfer of assets explained above. The CSRA can also be increased if the spouse in the community has income as discussed below which is less than \$1919 per month and needs additional interest and dividends to bring his or her monthly allowance up to \$1919.

Medicaid cannot be denied even if the community spouse decides to retain more resources than the allowable CSRA. The spouse applying for Medicaid may be required to execute an assignment of support in favor of the Medicaid agency, unless he/she is unable to execute an assignment because of a mental or physical impairment, or the denial of assistance would create an undue hardship.

Transfers between husband and wife should take place before the sick spouse goes on Medicaid. However, there is a reasonable amount of time provided to allow for transfers between husband and wife even after a Medicaid application has been filed or a decision on eligibility has been made, provided good cause for the delay exists (90 days in New York City). Assets acquired by the community spouse after the month Medicaid eligibility for the institutionalized spouse is established will not be considered as available.

Income

Income belonging to the institutionalized spouse and/or the community spouse is treated as available only to the spouse whose name it is in. Income in the name of both is considered to belong one-half to each. Income with nothing to indicate to whom it belongs is considered to belong one-half to each spouse.

The income of the community spouse is not deemed available to the institutionalized spouse. From his/her own income the nursing home resident retains a personal needs allowance (\$50 per month) and must spend down his/her remaining income on medical care. The community spouse is allowed to retain a community spouse monthly income allowance of \$1919 unless a

greater amount is established by fair hearing or court order. If the community spouse has less than \$1919, then income from the institutionalized spouse can be given to the community spouse to bring his/her income to that level.

If the community spouse has more than \$1919 in income per month, then Medicaid will suggest that he/she contribute 25% of the excess over \$1919 to the institutionalized spouse's medical care. But Medicaid will not be reduced if this amount is not paid.

Endnotes

¹A spell of illness begins with the first day of inpatient care in a hospital or nursing home and ends when the beneficiary has been hospital and nursing home free for 60 consecutive days.

²Income allowed for a couple is \$809 per month (plus an unearned income credit of \$20 for some couples) and \$4850 in resources. However, if only one person needs Medicaid it is usually advantageous for that person to apply in his or her behalf alone; the spouse must refuse to contribute his/her assets or income to the applicant's medical needs. The Medicaid agency must grant benefits, but reserves the right to pursue the non-contributing spouse for support in family court.

³For community based care (including home health care) the rules previously described regarding a "spousal refusal" still apply exclusively. Under these procedures an individual can apply for Medicaid and his/her spouse can refuse to contribute income or resources to the applicant's medical care. The Medicaid agency must provide benefits, but retains the right to pursue a support order against the refusing spouse in family court.

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New Federal Law Criminalizes Asset Transfers to Qualify for Medicaid

On and after January 1, 1997, transfers of assets for the purpose of qualifying for Medicaid will be a federal crime. However, the new law has stirred opposition from many seniors' groups, including the American Association of Retired Persons (AARP), perhaps the country's most influential lobbying organization.

Origins of the Law

The new law is contained in Section 217 of the Health Insurance Portability and Accountability Act of 1996 (Pub. L. 104-191). Differences to the law that did exist between Congress and the President were over Medical Savings Accounts.

Those differences evaporated when House and Senate conferees agreed to include MSAs as an experimental program. The law passed the Senate in early August 98-0, and the President signed it a few weeks later.

Nothing in either the Senate or the House committee reports on the bill explains the origins of Section 217. In fact, no Congressman seems to have claimed authorship of the provision.

What's the Point?

Medicaid pays for health care and nursing home care for the indigent. While many states have opted out of the health care part of Medicaid in favor of managed-care (such as, in Tennessee, TennCare), Medicaid still pays about half of the nation's nursing home costs.

In the past few years, a form of estate planning known as "Medicaid planning" has become popular. A typical Medicaid plan, usually prepared by an attorney, recommends that an individual divest himself of assets (usually by making gifts to children) in order to meet the financial criteria for Medicaid eligibility.

While the portion of nursing home residents who transfer assets is signifi-

cantly less than half, and disqualification periods are imposed as a result of such transfers, the press and members of Congress have inveighed against the practice. They contend that voluntary impoverishment in order to obtain Medicaid is an abuse of an expensive welfare program intended for the truly needy. A *New York Times* editorial has labeled it "unethical."

Are Changes Likely?

Prior to passage of the law, section 217 largely escaped the attention of the national media. Since August, however, as word of its enactment has spread, opposition has mounted.

The National Academy of Elder Law Attorneys (NAELA) has urged Congress to repeal Section 217. The law punishes the middle-class, points out Ira S. Wiesner, NAELA president; wealthier seniors can afford to wait out the 36-month look-back period before applying for Medicaid.

"Middle income seniors, most at risk from the financial devastation of long term health care," said Mr. Wiesner, "are now further relegated to a netherworld on the fringes of criminality with every gift they consider."

December's AARP Bulletin strongly criticizes the provision. Executive Director Horace Deets has written to House Majority Leader Newt Gingrich, R-Ga., asking that the criminalization provision be eliminated on the first corrections day of the next Congress.

Moreover, the Leadership Council on Aging, made up of some 42 aging membership groups, is also preparing a letter to send to Congress advocating the repeal of Section 217.

Rep. Martin Hoke, R-Ohio, was one of the first Congressmen to advocate repeal of the law. Last month, however, Mr. Hoke was not re-elected to the House.

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Actuaries Predict Retirement Income From Social Security to Drop

The retirement income from Social Security will drop from its present level of 41% of retirees' income to 27% in 20 years, in the opinion of 300 actuaries polled for the American Academy of Actuaries. The actuaries also expect that federal insurance programs, such as Medicare will cover only 42% of retiree health care costs, compared to 48% today.

Most of the actuaries (57%) think that the financial resources of tomorrow's retirees will be worse than those of today's. Only 23% think that future retirees will be better off, and 20% say that seniors' finances would remain the same.

The American Academy of Actuaries said that these opinions about the financial stability of Americans after retirement hopefully would encourage more Americans to plan their financial resources carefully. The average saving rates for retirement is only 3.6% of income. The actuaries themselves report that they save an average of 16% of their income.

For more information about the survey, contact Neil S. Dhillon at the American Academy of Actuaries, (202) 223-8916.

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Actuary Urges Congress to Act on Social Security

In August 2 testimony before the Senate Finance Committee, Stephen Kellison, Social Security and Medicare Trust Funds Trustee, said that changing Social Security from a lifetime annuity to accounts that rely heavily on private investments merits

careful consideration. Kellison also urged Congress to act now to ensure the long-range solvency of Social Security programs, which face a long-term financial crisis.

Kellison, who is former executive director of the American Academy of Actuaries, told the Senate Finance Committee that the Trustees' Reports serve as an early warning system that allows lawmakers to make changes to Social Security and Medicare in a timely and responsible manner. The most urgent priority now is to enact legislation that would extend the date of the exhaustion of the Hospital Insurance (HI) trust fund, which expires in 2001, according to Kellison. Although the HI financing problem has gotten most of the media attention, the Supplementary Medical Insurance (SMI) trust fund's rate of growth has exceeded that of the HI, said Kellison. Legislation is needed to reduce the growth of SMI expenditures in the near term and allow time to develop long-term solutions for financing the health care of the aged once the first of the baby boom generation begins to reach age 65 (in 12 years).

According to analysis by the American Academy of Actuaries, in order to achieve actuarial balance in the Old Age Survivors and Disability Insurance (OASDI) program, the combined employee-employer contribution would have to be increased by 2.19% of pay. The same result could be achieved by an across-the-board benefit cut of 15% for all current and future recipients. Beginning in 1998, the expenditures of the OASDI and the HI programs combined will exceed non-interest revenues, so that the two programs will begin increasing the budget deficit, rather than decreasing it, according to the Academy.

The Academy has evaluated potential solutions to the Medicare program's financial problems in its study, "Solutions to Social Security's and Medicare's Financial Problems." For information on the study or Kellison's testimony, contact Neil S. Dhillon, American Academy of Actuaries, (202) 223-8196.

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Distributing IRA Assets Either Through a "QTIP" Trust Or The "Spousal Rollover Technique"

The surviving spouse is the favored beneficiary of a participant's plan or Individual Retirement Account ("IRA"), as well as for the participant's other assets. A popular concept among estate planners is to name the surviving spouse as the beneficiary of all (or substantially all) of the plan or IRA proceeds in a lump sum. The purpose is to permit the surviving spouse to have the ability to rollover such proceeds to his or her "own" IRA. See Prop Reg § 1.408-8, Q&A A-4(b). By reason of this election, the surviving spouse can now make a new beneficiary designation, thereby extending the period of distributions over the joint life expectancies of the surviving spouse and the newly designated beneficiary(ies). See Prop Reg § 1.408-8, Q&A A-6(b). When the IRA proceeds are distributable to a trust or an estate in which the surviving spouse has the power or right to an immediate lump-sum payment of part or all of the proceeds, then the surviving spouse can elect a rollover of that lump-sum distribution to his or her "own" IRA.¹ For convenience, this procedure will be referred to as the "spousal rollover technique."

The purpose of this article is to review estate planning considerations about whether a spousal rollover technique or a QTIP trust is appropriate for passing on IRA or plan assets.

Spousal Rollover Technique

There are too many instances in which the spousal rollover technique is in conflict with the decedent's fundamental estate planning considerations and, therefore, should not be used or should

be used only for a reduced portion of the plan or IRA proceeds.

For purposes of this discussion, assume that the surviving spouse will name either the children or grandchildren as the designated beneficiaries of the rollover IRA at his or her death in order to obtain a longer distribution period after the spouse's death. Ac-



cordingly, the minimum distribution incidental benefit ("MDIB") rule will apply during the spouse's lifetime.² Assume, too, that the designation of the surviving spouse as the beneficiary will permit him or her to make the rollover.

The clearest conflict between the spousal rollover technique and the participant's fundamental estate planning goals occurs where the participant has, for good reason, used a qualified terminable interest property ("QTIP")³ trust as the method of disposing of the participant's "other" assets (e.g., stocks, bonds, closely held businesses, real estate, etc.). Under a QTIP trust, the surviving spouse must

receive only the "income" generated by these assets. The remainder interest is distributed at the surviving spouse's death in the manner set forth by the trust document executed by the participant. A QTIP trust arrangement is used to limit the surviving spouse's ability to make decisions about the disposition of inherited assets. In sharp contrast, in

order to qualify for the spousal rollover technique, the surviving spouse must have immediate and total control over the plan or IRA proceeds at the participant's death.

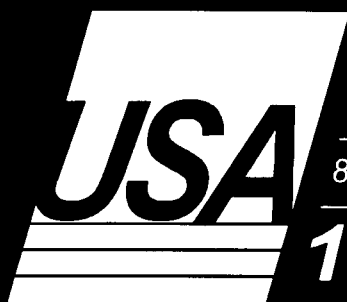
It is helpful to examine some of the situations in which a QTIP trust is typically used. One compelling reason is if the participant has children from a prior marriage. The participant can designate his family as the beneficiaries of the principal remaining at the surviving spouse's death.

Spouse Remarries

The specter of the surviving spouse remarrying is another common reason for using a QTIP trust. While the participant might even hope that the surviving spouse will remarry, he or she may be loathe to permit the surviving spouse to have such ownership rights to inherited assets which would, in turn, be subject to the rights of a future spouse to acquire a portion, or to participate in the economic benefit of the distribution, of such assets. Many clients can not rely on the surviving spouse's ability to effectuate a prenuptial agreement which would otherwise protect the rights of the children-beneficiaries to these assets.

Another important estate planning consideration is the designation of the

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person(s) or entity(ies) to direct the investment of assets after the participant's death. Under a QTIP trust, qualified trustees selected by the participant would have this power. Under the spousal rollover technique, the surviving spouse will be the decision-maker. This could be a very good or a very bad idea, depending upon the financial acumen of the surviving spouse, including the wisdom to seek good investment advice.

Yet, there are practitioners who will use a QTIP trust for the participant's substantial "other" assets, but will, nonetheless, prepare a beneficiary designation leaving all (or substantially all) of the qualified plan or IRA proceeds to a surviving spouse in a lump-sum without giving it a second thought. Such a designation may be in direct conflict with the fundamental family-oriented estate planning goals which apply to the participant's "other" assets.

Why use a QTIP trust for the participant's "other" assets, but then distribute the proceeds of a qualified plan or IRA to the surviving spouse in a lump sum? If a restricted QTIP trust is the appropriate method of disposition for, say, \$2,000,000 of "other" assets, why should the surviving spouse be granted the unrestricted right to dispose of, say, all or a substantial portion of \$1,000,000 of qualified plan or IRA proceeds?

Typical Beneficiary Designations

There are at least two reasons why the surviving spouse is so frequently given all (or substantially all) of the plan or IRA proceeds in a lump sum. The first is logistical: the typical beneficiary designation forms used by plans and IRAs leave a limited space for the designation of the beneficiaries; many forms are designed for only naming specific individuals as beneficiaries. For the less experienced practitioner,⁴ it seems quite appropriate and acceptable, therefore, to type in the name of the spouse as the primary beneficiary and the names of the children as the contingent beneficiaries without thinking any further about it.

The second reason is the current practitioners' fad to qualify for the spousal rollover technique in order to obtain a longer distribution period. This is a worthwhile purpose, but it has to be weighed against the participant's important estate planning purposes which may be adversely affected by the spousal rollover technique.

The fact that the surviving spouse fully intends to, and even probably will, roll over the proceeds into his or her "own" IRA does not reduce that surviving spouse's ability to withdraw all or any portion of that IRA whenever and in whatever amount he or she wishes. The surviving spouse's naming of beneficiaries to inherit at his or her death does not give the newly designated beneficiaries the right to prevent the disposition (dissipation?) of the IRA funds at the sole discretion of the surviving spouse. It is doubtful whether any self-imposed restrictions on the spouse's right to make withdrawals from his or her "own" IRA would be enforceable, if the spouse later wished to change or eliminate any self-imposed restrictions. Unless there is a state statute to the contrary, the spouse's creditors could reach the IRA's assets, because the spouse, as the grantor of the rollover IRA, cannot hide behind a self-imposed spendthrift provision, even if one were contained in the IRA document. State law will also determine the rights (if any) of a "new" husband or wife to the rollover IRA established by the participant's surviving spouse.

Good Family Planning

In summary, the desirability of a possible extension of time over which distributions could be made from a qualified plan or IRA should not override the more fundamental considerations of good family estate planning.

Many participants want to protect assets by using a QTIP trust for the surviving spouse, but would also like to take advantage of the possibility of a much longer distribution period for the IRA and plan assets. The

well-advised participant will use the QTIP trust arrangement for the distribution of the bulk of the IRA and plan proceeds, but will also utilize the spousal rollover technique for a modest portion of such proceeds. Participants can also obtain a similar result, but usually with smaller amounts, by designating children or grandchildren as the beneficiaries of separate accounts established for their benefit under the plan or IRA. See Prop Reg § 1.401(a)(9)-1 H-2 and H-2A. This is particularly appealing to participants who may wish to utilize some or all of their generation skipping transfer tax exemption ("GST exemption")⁵ to cover qualified plan and IRA proceeds going to grandchildren.

In conclusion, there is no one "right" method of planning for distributions of plan and IRA proceeds. Whatever is the appropriate plan for dealing with the participant's "other" assets should, except in carefully considered circumstances,⁶ also be used for the distribution of the participant's plan and IRA proceeds. The potential longer distribution period provided by the spousal rollover technique does not justify the practical and legal risks involved in giving the surviving spouse uncontrolled discretion over the disposition of substantial plan or IRA assets at the participant's death.

Endnotes

¹The recent spate of private letter rulings regarding this issue, particularly the post-mortem planning to give the required power or right to the surviving spouse, demonstrates the current popularity of the spousal rollover technique. See IRS Letter Ruling 9608036, IRS Letter Ruling 9609052, IRS Letter Ruling 9611057, IRS letter Ruling 9615043, IRS letter Ruling 9620038, IRS letter Ruling 9626049.

²The MDIB rule requires a shorter distribution period during the participant's lifetime if the beneficiary is more than 10 years younger than the participant. The MDIB rule does not apply if the only beneficiary of a specific portion of the plan or IRA is the participant's surviving spouse. See Prop Reg §

1.401(a)(9)-2Q&A 4. This rule is required only during the participant's lifetime. After the participant's death, the minimum mandatory distribution period may be longer. See Prop Reg § 1.401(a)(9)-1 F-3A(b)(1). See also IRS Letter Ruling 9623037, which deals with a change from the MDIB rule to a longer distribution period after the participant's death.

³The QTIP trust is one of the methods for obtaining the federal estate tax marital deduction. See Code Sec. 2056(b)(7).

⁴It must be noted that the QTIP may often be misused by less experienced practitioners. It has become very fashionable to use the so-called "A/B" trust technique ("A" trust is the credit-shelter trust, "B" trust is the QTIP trust); in general terms, the decedent's assets up to \$600,000 (the credit-shelter trust equivalent of the \$192,800 unified credit under Code Sec. 2010(a)) will first go to the "A" credit-shelter trust and the balance of the assets will go to the QTIP "B" trust for the marital deduction, thereby resulting in no federal estate tax due at the the participant's death. One of the reasons for the extensive use (and misuse) of the "A/B" trust techniques is that good forms have been readily available. But, there is no tax advantage of using a QTIP trust for obtaining the marital deduction, rather than, for example, an outright bequest to the surviving spouse. The client should be advised of the various methods of obtaining the desired marital deduction, as the client might well prefer an outright distribution to the surviving spouse, rather than having all, or a large portion of, the marital deduction assets subject to QTIP trust limitations. The only pure tax advantage in using a QTIP trust would be to qualify as a so-called "reverse QTIP trust" in order to maximize the GST exemption. See Code Sec. 2652(a)(3).

⁵Code Sec 2731 provides a "GST exemption" of \$1,000,000 that each individual may transfer without incurring the 55% generation-skipping transfer tax.

"The type of "carefully considered circumstances" from the author's experience include the following situations: (1) the participant's marital deduction arrangement (QTIP trust or otherwise), excluding the outright distributions of plan and IRA proceeds, will more than adequately provide for the comfort of the surviving spouse and protection of the participant's family even if the plan or IRA proceeds were dissipated; (2) the participant's conclusion that there is virtually no risk that his or her surviving spouse will dissipate a large lump-sum payment; (3) the participant's spouse is independently affluent, so that there is a high probability that, as the surviving spouse, he or she would receive only the minimum required distributions during his or her lifetime; this reason becomes important if the surviving spouse's health is questionable, as greater funds would then exist at his or her death for accumulation and distribution over the long life expectancies of the newly designated beneficiaries.

[Adapted from an article by Mervin M. Wilf, Esq. in Pension and Benefits Week, August 26, 1995. Research Institute of America. Subscriptions: 800-421-9025, \$250/yr.]

Planning for an Estate That Includes IRAs

Individual retirement accounts (IRAs) and other qualified plans are caught in a web of complicated rules and restrictions when it comes to what happens to the money after the owner's death. These key points will help you work out a plan and avoid costly mistakes.

Designating a Beneficiary

You named a beneficiary for your retirement account some time ago, but

changed your mind recently, naming a trust or your estate instead of a person. Consider your beneficiary choice carefully; it's the crucial decision you'll make about your IRA. **Be mindful of the deadline.** You must decide whom to designate as beneficiary by your "required beginning date" (RBD)—the deadline for taking the first minimum distribution from your retirement accounts. Your RBD is April 1 of the calendar year following the year in which you turn 70½.

The beneficiary listed as of that date will determine the amount you must withdraw from your IRA each year during your life and how the money will come out after your death. You can change the beneficiary after your RBD, but that will not alter your withdrawal schedule unless the change will require you to take out more each year.

Name your spouse. "Your spouse ought to be primary beneficiary unless you have a really good reason not to do that," says David Foster, a financial planner and CPA in Cincinnati, Ohio. "She or he has much more flexibility than anyone else."

Your spouse has the option of rolling the money into a brand-new IRA and making required distributions based on his or her life expectancy or joint life expectancy with a younger beneficiary, such as one of your children.

Don't name your estate. Your estate has no life expectancy, so if you die after your RBD, all the money will have to come out by the end of the year following the year you die. Die before your RBD, and the IRA will have to be emptied by Dec. 31 of the fifth year after your death.

Split IRAs for multiple beneficiaries. Consider transferring a portion of your money into a separate IRA for each beneficiary, if you want to name more than one person. That's because with multiple beneficiaries, you have to use the life expectancy of the oldest beneficiary when calculating distributions. If you split it up, you can use their actual life expectancies. However, if one of them is more than ten years younger than you, he or she will be treated as

Continuing Education

being just ten years younger in the calculations.

Don't name a minor. If you do, the probate court will insist on naming a custodian to oversee the money and will want regular reports on what's being done with it until the child turns 18 or 21, depending on the state.

Using a Trust

If your estate plan includes a trust or two, be mindful of the rules that apply to putting qualified retirement assets in trust.

Make it irrevocable. IRAs can't actually be placed in a trust, but a trust can be designated beneficiary of an IRA as

long as it means the following requirements:

- It is valid under state law.
- It is irrevocable; most people have living trusts or credit-shelter trusts, which are usually revocable.
- The beneficiary is identifiable.
- A copy of the trust document is given to the IRA custodian when the trust is named beneficiary.

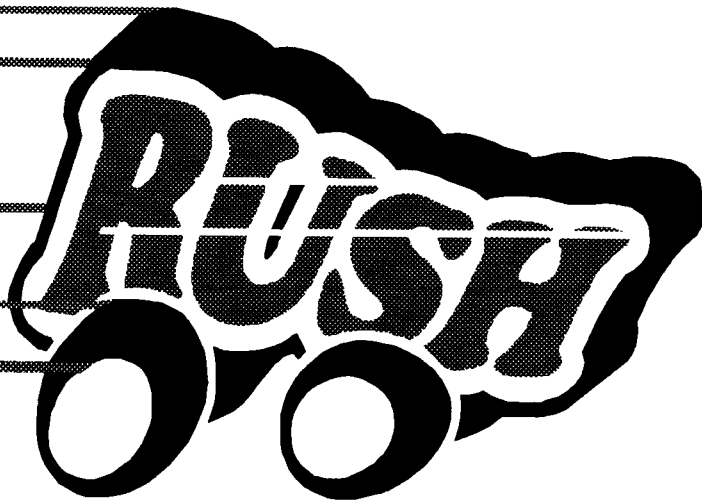
Naming a trust that does not meet these criteria is equivalent to naming *no* beneficiary, so the money will have to come out within one year or five years, depending on when you die.

If you want to name a revocable trust as beneficiary, it's possible to

make it work by adding a clause to the trust that makes it irrevocable as of your RBD. Some estate planners advocate this, but the law is unclear.

Fund trusts with other assets. It's better to use an asset other than your IRA to fund a trust. "When money starts coming out of the IRA and into the trust," says lawyer Martin Silfen of Atlanta, Ga., "the trust will owe high income taxes on the money because it will be taxed at the trust rate."

[Reprinted with permission from Kiplinger's Retirement Report, September, 1996. The Kiplinger Washington Editors, Inc. Subscriptions: 800-544-0155, \$59.95/yr. (12 monthly issues)]



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Recent Rules & Regs

Waiver of Pension Benefits by Sole Shareholder Held to be Taxable

The Tax Court in a recent case, *Gallade v. Commissioner*, held that a shareholder-employee who owned all of the outstanding stock of the employer corporation and who waived his benefit under a qualified defined benefit pension plan was still taxed on that benefit. The court held that the waiver was invalid because it violated the anti-assignment rules of ERISA. Therefore, even though he never received the money, he was subject to taxation on the benefit.

In *Gallade v. Commissioner*, the corporation decided to terminate its defined benefit pension plan and it applied to the Pension Benefit Guaranty Corporation (PBGC) for notice of sufficiency and to the IRS for a favorable determination letter. Mr. Gallade, the sole shareholder, decided as part of this process to waive his

accrued benefit under the plan, thereby increasing the reversion to the employer. The IRS argued, however, that Mr. Gallade should be taxed on his distribution anyway because in their view, the anti-assignment provisions of ERISA effectively made his waiver invalid.

Agreeing with the IRS, the court simply concluded that because the waiver was presumably invalid, Mr. Gallade should be taxed on the distribution. The court ignored many relevant legal issues including the fact that the constructive receipt rules are not applicable to distributions from qualified plans. Under the applicable tax rules, Mr. Gallade could only be taxed if he actually received the distribution. The court also ignored the fact that waivers by sole shareholders are expressly permitted by the PBGC and, therefore, are legally valid even when the plan prohibits assignment and alienation of benefits.

If Mr. Gallade plans an appeal, there is a significant chance of reversal because of the court's questionable analysis. Since the case

arose, Congress has increased the excise tax on reversions substantially. The reversion tax may now be as high as 50 percent and, in addition, income taxes could be due from the corporation on the reversion. Therefore, use of this technique to avoid taxes is significantly limited.

[Adapted with permission from AALU Washington Report, Bulletin No. 96-48, June 3, 1996.]



Agent/Broker Issues

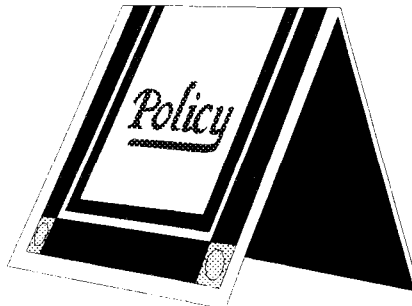
Building an Annuity Ladder

Many investors like to keep a part of their money in tax-deferred annuities. They're safe and interest earned from them is not immediately subject to taxes. Some annuities mature in one year; others mature in two, three, five, seven or ten years.

How to Create an Annuity Ladder

To lessen the effects of interest rate swings, consider buying fixed annuities with four or five different maturities—say from one to ten years—and as each matures, roll the money into the longest maturity you originally bought. This

allows you to maintain the "ladder" of staggered maturities as long as you wish.



For example, if you have \$100,000 to invest, put \$25,000 in a one-year annuity and divide the rest equally

among three-, five-, and seven-year policies. As each policy matures, do the following: If rates are higher, buy annuities maturing in five to ten years (you decide which). If rates are lower, buy one to five-year contracts. By following this design, you increase the average return of your annuity portfolio while at the same time increasing its average duration. This will give you higher returns over the long haul.

[Adapted from Kiplinger's Retirement Report, August, 1996. The Kiplinger Washington Editors, Inc. Subscriptions: 800-544-0155, \$59.95/yr. (12 monthly issues)]

Asset Allocation: Key to Making Your Savings Last

One factor that has a major effect on the performance of your investment portfolio is how your assets are divided among stocks, fixed-income investments and cash equivalents, such as money-market funds. Yet many retired investors spend very little time thinking about whether their asset allocation is appropriate for their situation.

One reason is that much of the information available about asset allocation is geared toward people who are accumulating wealth rather than spending it. Another, according to Girard Miller, CEO of ICMA Retirement Corp., a non-profit firm that provides retirement plans to state and local government employees, is that retirees may find that general advice and rules of thumb aren't easy to apply to their individual situations.

With that in mind, we've put together some information to help you start thinking about and analyzing how your investment portfolio should be allocated.

Getting Started

The first step in this process is to count up your taxable and tax-deferred investment assets. Then count up how much you have in stock, fixed income and cash categories and calculate the percentage of the total portfolio that is allocated to each category.

Once you know the percentages, you can start your analysis by comparing your allocation to the suggestions provided in the "Protecting Your Next Egg" section of the booklet you received when you subscribed, and in our March 1995 cover story.

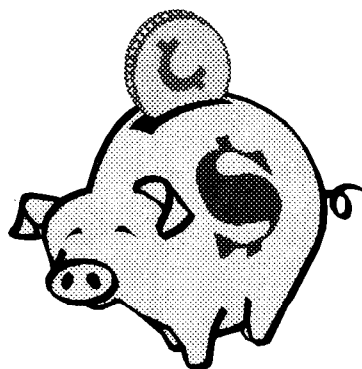
If you find that your investment portfolio is significantly out of line with our suggestions, you may want to get professional advice about it. It could be that your asset allocation is okay for you, depending on your income needs and how much money you have to work with.

Crunching the Numbers

A recently published study provides some interesting information about the role asset allocation plays in how long your money will last.

The study was done by William Bengen, a financial planner in El Cajon, Calif. Bengen did this study after he started wondering what would happen to retirees who calculate how long their money would last using average rates of return for stocks and intermediate-term bonds and the experience a market decline shortly after retiring.

For his study, he assumed they were taking out 5.3% of their portfolio each



year (a fairly typical withdrawal rate) and increasing their withdrawal by 3% a year for inflation. He found that a person who retired in 1972 would have run out of money in 23 years; someone who retired in 1966 would have run out in 18 years.

He then set out to answer two broader questions. What is the optimum allocation to stocks in a long-term retirement portfolio? What is the maximum that can be withdrawn if you want to be sure your money will last at least 30 years? He concluded that someone who retires at age 65 must invest 50% to 75% of assets in stocks. (The remainder of Bengen's hypothetical portfolio was invested in intermediate government bonds.)

As for withdrawals, Bengen discovered that 4.1% of assets is the most a 65-year-old can take out of a tax-deferred investment portfolio in the

first year if he or she wants the money to last at least 30 years. After that, withdrawals are increased yearly by the rate of inflation.

Bengen developed and back tested a formula that investors can use to determine what their initial and future allocation to stocks should be in a tax-deferred portfolio. He determined that the formula for a conservative investor is:

$$115 - \text{your age} = \% \text{ in stocks}$$

For a 65-year-old it would work like this: $115 - 65 = 50\%$ in stocks. As the person ages, the allocation to stocks would go down by one percent a year. At 75, it would be 40%.

He then adjusted the formula to take into account investments held in taxable portfolios. Assuming all the income taxes are paid with the assets in the portfolio, Bengen found he had to increase the allocation to stocks to offset the impact of taxes on returns. For a conservative investor the formula is:

$$120 - \text{age} = \% \text{ in stocks}$$

For a free copy of Bengen's study, *Allocating Assets in Retirement*, send a self-addressed business-size envelope with 66 cents postage to Asset Allocation, Kiplinger's Retirement Report, 1729 H St., N.W., Washington, DC 20006.

Putting It All Together

To see how different asset allocations could affect a couple with a fairly typical need for income, we asked Gordon Tiffany, ICMA Retirement Corporation's director of retirement planning, to create asset allocation models for a hypothetical Al and Alicia Asset, who are retiring this year.

We assumed both are age 65 and that Alicia hasn't worked outside the home since she married Al thirty years ago. In the first year, Social Security and Al's pension provide \$36,000 (\$20,000 and \$16,000); S.S. has a 3% cost-of-living adjustment. They have \$100,000 in taxable investments and \$200,000 in an IRA.

The couple spend \$55,000 in the first year and increase it 3% a year for the next four years to offset inflation. They

use \$5,000 or so a year for traveling. After that they cut back to \$55,000 again, but continue to increase it 3% annually. They tap taxable savings to make up the shortfall between the Social Security and pension income and what they need and hold off taking distributions from the IRA until age 70. They have a small home-equity loan on which they pay \$250 a month until age 75 and no other debt. Taxes are paid out of income.

Al's health fails at age 77 and he spends two years in a nursing home. Alicia pays \$35,000 a year for the home, and her children help with the rest. A year after Al's death at 79, she sells the house for \$311,600 and rents a small apartment. Alicia lives until age 90, spending her final year in a nursing home.

Here's how things would work using three portfolios with different asset allocations, assuming the allocations were maintained for the entire 25 years:

Portfolio A: 10% in stocks, 35% in bonds and 55% in money-market funds (MMFs). The annualized total return is 5.5%. The result: Alicia runs out of money at age 88.

Portfolio B: 25% in stocks, 65% in bonds and 10% in MMFs. Total return, 7%. Result: Alicia becomes financially dependent on her family during her last year.

Portfolio C: 75% stocks, 25% bonds; total return 9%. Result: Alicia remains financially independent. She can afford a long-term care policy after Al's death and pays \$5,400 a year for it. When she goes to the nursing home, the policy pays for a semi-private room, and Alicia's able to cover the extra out-of-pocket cost for private accommodations. She leaves an estate of about \$200,000.

[Reprinted with permission from Kiplinger's Retirement Report, July 1996. The Kiplinger Washington Editors, Inc. Subscriptions: 800-544-0155, \$59.95/yr.]

1997 Market Outlook

This decade has been enormously generous to equity mutual funds and their shareholders. But even as investors in managed equity funds recorded far above-average returns, so have they become increasingly hard-pressed to match, let alone beat, a relatively naive strategy of simply owning an S&P 500 index fund. This year, eight out of nine funds haven't measured up to up to *Vanguard Index 500*. As we enter 1997, is it time to throw in the towel on individual fund selection and simply buy the handiest index fund?

Assuredly, no. In the market, everything moves in cycles. Just as indexing is turning cartwheels over most stock funds now, so will the tables eventually turn. In point of fact, the S&P 500, and the large-capitalization stocks of which it consists, represent generally the most highly valued (some would say excessively valued) sector of the market.

Consider this: The S&P 500 now trades at 21 times earnings, not only a multiple equal to those seen at major bull market peaks in the past, but one that is applied to earnings that are themselves cyclically high following one of the longest business expansions on record. Note, too, that last week the dividend yield on the S&P fell below 2% for the first time in history.

Mutual funds are rapidly depleting their cash reserves. The average stock fund now has just 6.1% of its assets in cash and cash equivalents, less than half of the average liquidity six years ago. This produces a bearish -0.8% reading on the Fund Timing Index. One result of the market's surge, and the present overvaluation, is that limited returns should be expected prospects ahead.

[Reprinted with permission from Mutual Fund Forecaster, December 5, 1996. The Institute for Econometric Research. Subscriptions: 800-442-9000, \$100/yr.]

Blame It On Politics

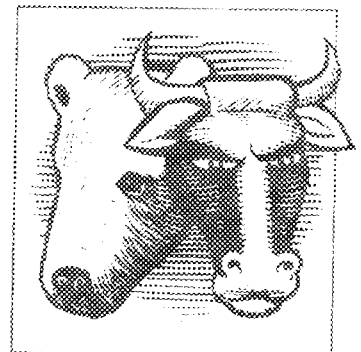
The economy has been motoring along at an unsustainable pace. If the Federal Reserve doesn't put on the brakes, we'll have a head-on collision with inflation. And if the Fed waits until after the election before it raises short-term interest rates, the economic price for political expediency will be high.

Since 1970 only one major commodity has kept up with inflation: gold. Prices of virtually every industrial commodity—from copper to zinc—have badly trailed basic inflation measures. So it's a big deal when industrial commodity prices begin to rise a lot faster than inflation. It's one of the surest signs the economy is growing too fast for its own good.

Over the past six months a broad-based index of industrial commodities has risen by over 5 percent, or at a better-than 10 percent annualized rate. If maintained, that would add at least one or two percentage points to the overall inflation rate.

At no time during the past generation has the Fed ever refused to raise rates in response to sharply rising industrial commodities. And the longer the Fed waits, the longer the stock market will remain in a mild uptrend, but the harder the fall when the fall comes. A little pain now would pay off mightily later on.

[Adapted from the September 11, 1996 issue of Personal Finance. Subscriptions: (800) 832-2330, P.O. Box 1467, Alexandria, VA 22313-9819]



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 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

Terminal Funding Annuities

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 agreement to purchase the annuities at the quoted price. The premium or deposit amount is wired to the winning company to "lock in" the quote. We can assist with the wire transfer transaction to assure the proper delivery of funds to the carrier, with timely confirmation back to respective parties.

TAKEOVER PROCEDURE/ CONTRACT ISSUANCE

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

HOW TO OBTAIN GROUP ANNUITY QUOTES

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

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** 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 columns for persons age s 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.

Immediate Annuities Update

Table 1a. Tax-Qualified Monies (Ages 60 and 65)

Reporting Companies	Issue Ages	Male 60 Life	Female 60 Life	Unisex 60 Life	Male 65 Life	Female 65 Life	Unisex 65 Life
AIG Life Insur. Co.	0-85	\$ 6.98	\$ 6.43	-	\$ 7.77	\$ 7.02	-
American Heritage	0-85	\$ 7.13	\$ 6.54	\$ 6.66	\$ 7.94	\$ 7.16	\$ 7.32
American Investors	0-85	\$ 6.50	\$ 5.95	\$ 6.23	\$ 7.27	\$ 6.53	\$ 6.90
Canada Life Assur.	40-90	\$7.10	\$ 6.54	\$ 6.54	\$ 7.87	\$ 7.13	\$ 7.13
Columbia Universal	0-85	\$ 6.87	\$ 6.28	-	\$ 7.71	\$ 6.92	-
Commercial Union LIC	0-80	\$ 7.17	\$ 6.65	\$ 6.89	\$ 7.90	\$ 7.20	\$ 7.52
Cova Financial Services LIC	0-85	\$ 6.53	\$ 6.53	\$ 6.53	\$ 7.25	\$ 7.25	\$ 7.25
Delta Life & Annuity	1-99	\$ 6.86	\$ 6.20	\$ 6.43	\$ 7.77	\$ 6.86	\$ 7.19
Empire Life	0-95	\$ 7.22	\$ 6.59	\$ 7.10	\$ 8.10	\$ 7.25	\$ 7.93
Federal Home Life	0-85	\$ 7.23	\$ 6.68	-	\$ 8.01	\$ 7.27	-
Fidelity & Guaranty Life	0-70	\$ 6.83	\$ 6.83	\$ 6.83	\$ 7.48	\$ 7.48	\$ 7.48
Franklin LIC	0-100	\$ 6.56	\$ 6.07	\$ 6.25	\$ 7.21	\$ 6.54	\$ 6.78
Golden Rule	0-80	\$ 6.51	\$ 6.02	-	\$ 7.16	\$ 6.49	-
Great American LIC	18-85	\$ 6.96	\$ 6.30	-	\$ 7.81	\$ 7.00	-
Jackson National LIC	no limit	\$ 7.34	\$ 6.78	\$ 7.01	\$ 8.10	\$ 7.36	\$ 7.65
Jefferson Pilot LIC	15-85	\$ 6.13	\$ 5.50	-	\$ 7.00	\$ 6.21	-
Keyport Life	5-90	\$ 6.88	\$ 6.88	\$ 6.88	\$ 7.52	\$ 7.52	\$ 7.52
London Pacific	45-85	\$ 7.15	\$ 6.55	-	\$ 7.79	\$ 7.10	-
Manufacturers LIC	1-100	\$ 6.67	\$ 5.78	\$ 6.15	\$ 7.50	\$ 6.50	\$ 6.99
National Guardian LIC	20-90	\$ 7.05	\$ 6.36	\$ 6.71	\$ 7.99	\$ 7.05	\$ 7.52
Ohio National	0-85	\$ 7.19	\$ 6.54	\$ 6.60	\$ 8.09	\$ 7.21	\$ 7.30
Penn Mutual	0-85	\$ 7.16	\$ 7.16	\$ 7.16	\$ 7.94	\$ 7.94	\$ 7.94
Presidential LIC	0-85	\$ 7.58	\$ 7.15	\$ 7.15	\$ 8.30	\$ 7.71	\$ 7.71
Principal Mutual LIC	0-85	\$ 7.10	\$ 6.50	\$ 6.74	\$ 7.74	\$ 6.94	\$ 7.26
Protective LIC	0-90	\$ 6.96	\$ 6.50	-	\$ 7.64	\$ 7.00	-
Provident Mutual	0-85	\$ 6.98	\$ 6.44	-	\$ 7.71	\$ 6.98	-
Prudential LIC	0-89	\$ 6.79	\$ 6.24	\$ 6.50	\$ 7.55	\$ 6.79	\$ 7.14
SAFECO LIC	55-80	-	-	\$ 6.33	-	-	\$ 6.86
Savings Bank LIC/Mass	0-80	-	-	\$ 6.15	-	-	\$ 6.91
Security Benefit LIC	0-100	\$ 6.48	\$ 5.95	\$ 5.95	\$ 7.20	\$ 6.47	\$ 6.47
Security-Connecticut LIC	0-90	\$ 6.77	\$ 6.21	\$ 6.34	\$ 7.55	\$ 6.80	\$ 6.99
Security Mutual/NY	20-80	\$ 7.45	\$ 6.51	-	\$ 8.50	\$ 7.25	-
Southwestern LIC	18-90	-	-	\$ 6.08	-	-	\$ 6.67
Standard Insurance	0-80	\$ 7.27	\$ 6.70	\$ 6.83	\$ 8.03	\$ 7.25	\$ 7.43
USAA Life Insurance Co.	no limit	\$ 6.86	\$ 6.37	\$ 6.82	\$ 7.69	\$ 6.99	\$ 7.60
USG Annuity & Life	35-85	-	-	\$ 6.65	-	-	\$ 7.29
United Companies LIC	0-99	\$ 6.46	\$ 5.89	-	\$ 7.27	\$ 6.51	-
WM Life Insur. Co.	0-95	\$ 7.22	\$ 6.59	\$ 7.10	\$ 8.10	\$ 7.25	\$ 7.93
Western National LIC	1-100	\$ 7.00	\$ 6.45	-	\$ 7.77	\$ 7.03	-
Western United	0-105	\$ 7.16	\$ 6.52	\$ 6.83	\$ 8.05	\$ 7.22	\$ 7.60

Figures represent monthly income per \$1,000, assuming \$100,000 deposit. Survey period: Nov. 5, 1996 thru Nov. 8, 1996.

Immediate Annuities Update

Table 1b. Tax-Qualified Monies (Ages 70 and 75)

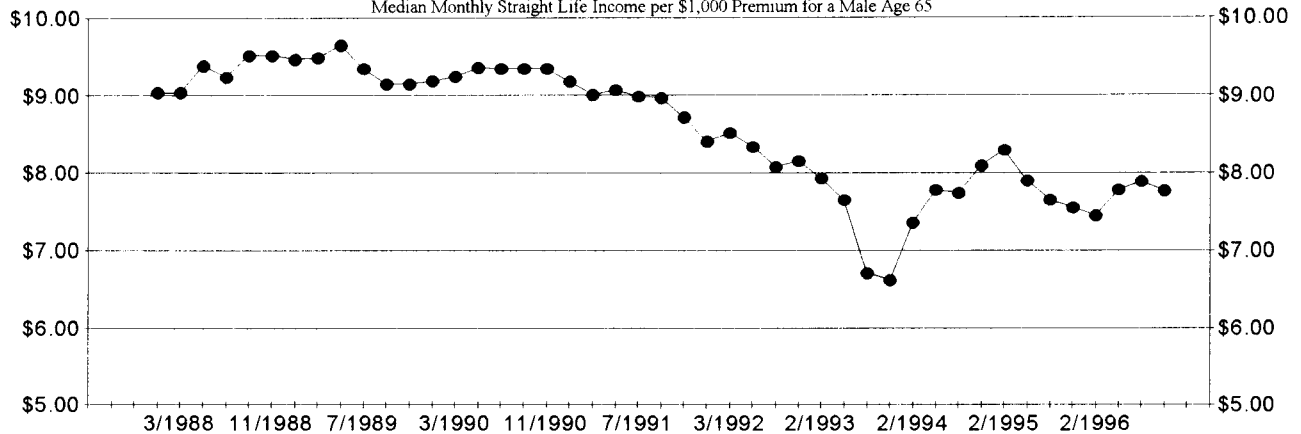
Reporting Companies	Issue Ages	Male 70 Life	Female 70 Life	Unisex 70 Life	Male 75 Life	Female 75 Life	Unisex 75 Life
AIG Life Insur. Co.	0-85	\$ 8.89	\$ 7.87	-	\$10.48	\$ 9.18	-
American Heritage	0-85	\$ 9.10	\$ 8.05	\$ 8.27	\$10.74	\$ 9.39	\$ 9.67
American Investors	0-85	\$ 8.37	\$ 7.38	\$ 7.87	\$ 9.92	\$ 8.65	\$ 9.28
Canada Life Assur.	40-90	\$ 8.95	\$ 7.96	\$ 7.96	\$10.43	\$ 9.20	\$ 9.20
Columbia Universal	0-85	\$ 8.91	\$ 7.84	-	\$10.60	\$ 9.24	-
Commercial Union LIC	0-80	\$ 8.94	\$ 7.99	\$ 8.41	\$10.42	\$ 9.19	\$ 9.72
Cova Financial Services LIC	0-85	\$ 8.28	\$ 8.28	\$ 8.28	\$ 9.77	\$ 9.77	\$ 9.77
Delta Life & Annuity	1-99	\$ 9.05	\$ 7.77	\$ 8.26	\$10.48	\$ 9.37	\$ 9.71
Empire Life	0-95	\$ 9.35	\$ 8.20	\$ 9.12	\$11.14	\$ 9.66	\$ 10.84
Federal Home Life	0-85	\$ 9.13	\$ 8.13	-	\$10.70	\$ 9.43	-
Fidelity & Guaranty Life	0-70	-	-	-	-	-	-
Franklin LIC	0-100	\$ 8.13	\$ 7.23	\$ 7.54	\$ 9.43	\$ 8.27	\$ 8.65
Golden Rule	0-80	\$ 8.09	\$ 7.18	-	\$ 9.39	\$ 8.23	-
Great American LIC	18-85	\$ 9.04	\$ 8.05	-	\$10.83	\$ 9.68	-
Jackson National LIC	no limit	\$ 9.17	\$ 8.16	\$ 8.56	\$10.69	\$ 9.40	\$ 9.91
Jefferson Pilot LIC	15-85	\$ 8.19	\$ 7.13	-	\$ 9.87	\$ 8.52	-
Keyport Life	5-90	\$ 8.45	\$ 8.45	\$ 8.45	\$ 9.76	\$ 9.76	\$ 9.76
London Pacific	45-85	\$ 8.73	\$ 7.78	-	\$10.06	\$ 8.85	-
Manufacturers LIC	1-100	\$ 8.68	\$ 7.31	\$ 7.98	\$10.31	\$ 8.52	\$ 9.40
National Guardian LIC	20-90	\$ 9.31	\$ 8.02	\$ 8.67	\$11.15	\$ 9.51	\$10.33
Ohio National	0-85	\$ 9.34	\$ 8.17	\$ 8.29	\$11.10	\$ 9.63	\$ 9.77
Penn Mutual	0-85	\$ 9.06	\$ 9.06	\$ 9.06	\$10.62	\$10.62	\$10.62
Presidential LIC	0-85	\$ 9.31	\$ 8.51	\$ 8.51	\$10.79	\$ 9.72	\$ 9.72
Principal Mutual LIC	0-85	\$ 8.65	\$ 7.60	\$ 8.02	\$10.01	\$ 8.67	\$ 9.20
Protective LIC	0-90	\$ 8.61	\$ 7.74	-	\$ 9.98	\$ 8.87	-
Provident Mutual LIC	0-85	\$ 8.63	\$ 7.71	-	\$ 9.77	\$ 8.63	-
Prudential LIC	0-89	\$ 8.66	\$ 7.60	\$ 8.08	\$10.27	\$ 8.88	\$ 9.48
SAFECO LIC	55-80	-	-	\$ 7.64	-	-	\$ 8.80
Savings Bank LIC/Mass	0-80	-	-	\$ 7.98	-	-	\$ 9.54
Security Benefit	0-100	\$ 8.23	\$ 7.24	\$ 7.24	\$ 9.68	\$ 8.41	\$ 8.41
Security-Connecticut LIC	0-90	\$ 8.67	\$ 7.65	\$ 7.91	\$ 8.67	\$ 8.95	\$ 9.27
Security Mutual/NY	20-80	\$ 9.97	\$ 8.36	-	\$11.94	\$ 9.97	-
Southwestern LIC	18-90	-	-	\$ 7.38	-	-	\$ 8.61
Standard Insurance	0-80	\$ 9.10	\$ 8.05	\$ 8.29	\$10.33	\$ 8.98	\$ 9.28
USAA Life Insurance Co.	no limit	\$ 8.93	\$ 7.92	\$ 8.74	\$10.84	\$ 9.39	\$10.47
USG Annuity & Life	35-85	-	-	\$ 8.18	-	-	\$ 9.47
United Companies LIC	0-99	\$ 8.41	\$ 7.39	-	\$10.02	\$ 8.72	-
WM Life Insur. Co.	0-95	\$ 9.35	\$ 8.20	\$ 9.12	\$11.14	\$ 9.66	\$10.84
Western National LIC	1-100	\$ 8.86	\$ 7.87	-	\$10.39	\$ 9.13	-
Western United Life	0-105	\$ 9.29	\$ 8.19	\$ 8.69	\$11.01	\$ 9.62	\$10.23

Figures represent monthly income per \$1,000, assuming \$100,000 deposit. Survey period: Nov. 5, 1996 thru Nov. 8, 1996

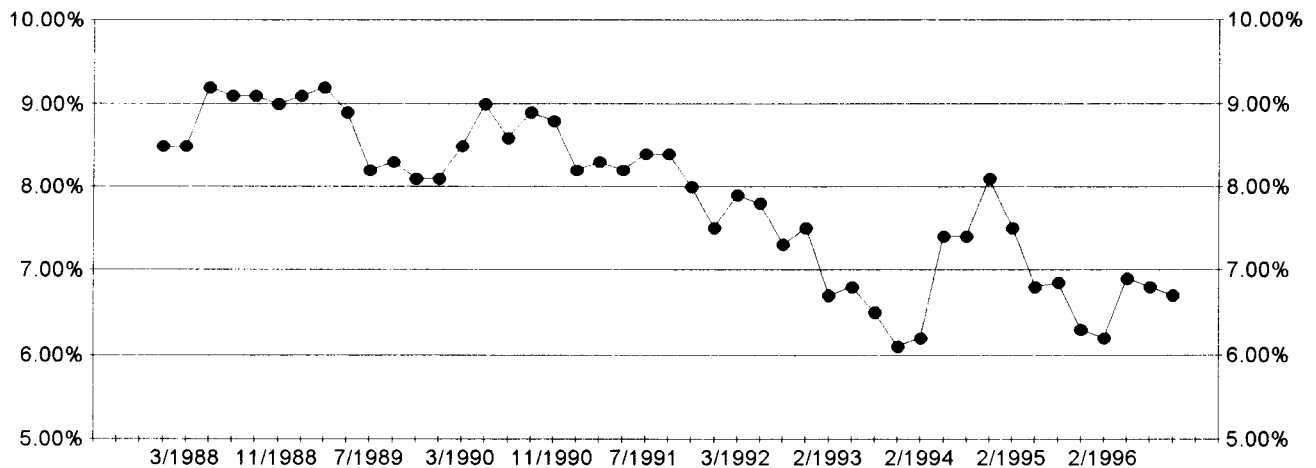
Annuity Price Trends

Immediate "Life Only" Annuities

Median Monthly Straight Life Income per \$1,000 Premium for a Male Age 65

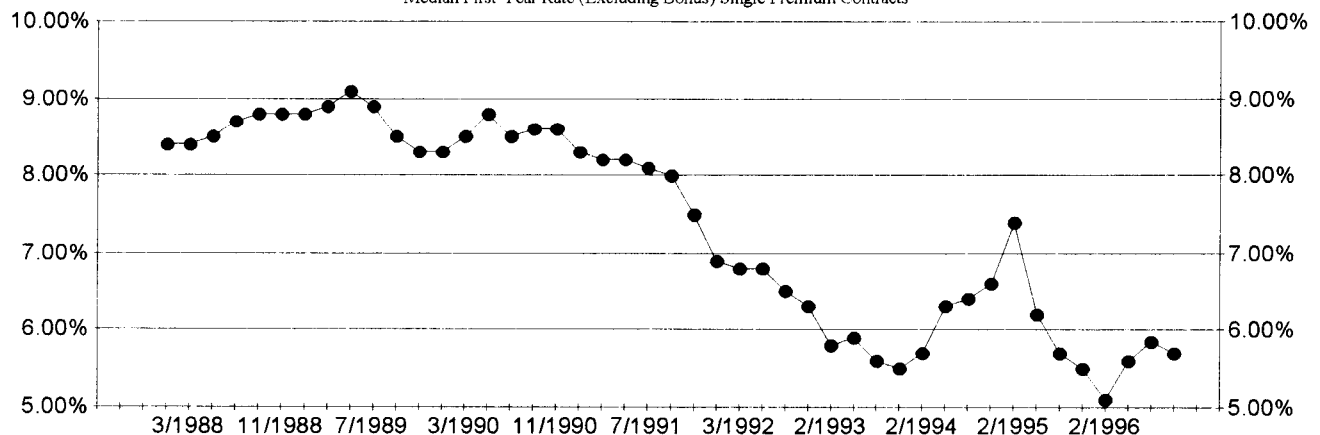


30 Year Treasury Bonds



Deferred Annuities

Median First-Year Rate (Excluding Bonus) Single Premium Contracts



Immediate Annuities Update

Table 1c. Tax-Qualified Monies (Miscellaneous Forms)

Reporting Companies	Issue Ages	10Yr CL Unisex 60	10Yr CL Unisex 70	5Yr PC No Life	10Yr PC No Life	M65 F60 J&S 50%	M65F60 J&S 100%
AIG Life Insur. Co.	0-85	-	-	\$18.33	\$10.55	\$ 6.84	\$ 6.11
American Heritage	0-85	\$ 6.54	\$ 7.80	\$19.25	\$11.02	\$ 6.15	\$ 6.93
American Investors	0-85	\$ 6.09	\$ 7.33	\$17.84	\$10.13	\$ 6.54	\$ 5.71
Canada Life Assurance	40-90	\$6.44	\$ 7.61	\$18.47	\$10.66	\$ 6.93	\$ 6.18
Columbia Universal	0-85	-	-	\$19.04	\$10.79	\$ 6.68	\$ 5.88
Commercial Union	0-80	\$ 6.74	\$ 7.84	\$17.75	\$10.41	\$ 7.00	\$ 6.28
Cova Financial Services LIC	0-85	\$ 6.38	\$ 7.71	\$18.17	\$10.48	-	-
Delta Life & Annuity	1-99	\$ 6.30	\$ 7.68	\$18.60	\$10.73	\$ 6.22	\$ 5.80
Empire Life	0-95	\$ 6.87	\$ 8.23	\$18.59	\$10.70	\$ 7.01	\$ 6.19
Federal Home Life	0-85	\$ 7.02	\$ 8.30	\$18.22	\$10.55	\$ 7.29	\$ 6.29
Fidelity & Guaranty Life	0-70	\$ 6.66	\$ 7.86	\$18.29	\$10.61	\$ 6.80	\$ 6.23
Franklin LIC	0-100	\$ 6.16	\$ 7.20	-	-	\$ 6.41	\$ 5.77
Golden Rule	0-80	-	-	-	\$10.56	-	\$ 5.71
Great American LIC	11-85	\$ 6.17	\$ 7.57	\$18.65	\$10.79	\$ 6.98	\$ 5.87
Jackson National LIC	no limit	\$ 6.86	\$ 8.00	\$18.47	\$10.80	\$ 7.39	\$ 6.41
Jefferson Pilot LIC	15-85	-	-	\$18.11	\$10.34	\$ 5.93	\$ 5.14
Keyport Life	5-90	\$ 6.74	\$ 7.92	\$18.38	\$10.67	-	\$ 6.23
London Pacific	45-85	-	-	\$18.76	\$10.79	-	-
Manufacturers LIC	1-100	\$ 6.01	\$ 7.40	\$17.70	\$10.17	\$ 6.27	\$5.46
National Guardian LIC	20-90	\$ 6.50	\$ 7.82	-	-	-	\$ 5.95
Ohio National	0-85	\$ 6.47	\$ 7.77	\$18.39	\$10.72	\$ 7.23	\$ 6.14
Penn Mutual	0-85	\$ 6.97	\$ 8.28	\$18.43	\$10.79	\$ 7.24	\$ 6.58
Presidential LIC	0-85	\$ 7.04	\$ 8.11	\$18.76	\$11.07	\$ 7.45	\$ 6.76
Principal Mutual LIC	0-85	\$ 6.60	\$ 7.56	\$18.63	\$10.60	\$ 6.90	\$ 6.18
Protective LIC	0-90	-	-	\$18.57	\$10.84	-	-
Provident Mutual	0-85	-	-	\$17.87	\$10.30	-	-
Prudential LIC	0-89	\$ 6.34	\$ 7.48	\$17.76	\$10.22	\$ 6.62	\$ 5.89
SAFECO LIC	55-80	\$ 6.24	\$ 7.29	-	-	-	-
Savings Bank LIC/Mass	0-80	\$ 6.01	\$ 7.39	-	\$10.43	-	\$ 5.54
Security Benefit	0-100	\$ 5.88	\$ 6.96	\$18.20	\$10.31	\$ 6.32	\$ 5.63
Security Connecticut LIC	0-90	\$ 6.23	\$ 7.45	\$18.35	\$10.45	\$ 6.59	\$ 5.83
Security Mutual/NY	20-80	-	-	-	-	\$ 7.12	\$ 6.13
Southwestern LIC	18-90	\$ 5.97	\$ 6.94	\$17.70	\$ 9.94	\$ 6.07	\$ 5.57
Standard Insurance	0-80	\$ 6.72	\$ 7.85	\$18.01	\$10.68	\$ 7.09	\$ 6.35
USAA Life Insurance Co.	no limit	\$ 6.66	\$ 8.10	\$18.81	\$10.77	-	\$ 7.69
USG Annuity & Life	35-80	\$ 6.51	\$ 7.66	\$18.65	\$10.83	-	\$ 6.07
United Companies LIC	0-99	-	-	\$16.87	\$10.51	-	\$ 5.52
WM Life Insur. Co.	0-95	\$ 6.87	\$ 8.23	\$18.59	\$10.70	\$ 7.01	\$ 6.19
Western National LIC	1-100	-	-	\$18.77	\$10.64	\$ 6.82	\$ 6.07
Western United Life	0-105	-	-	\$19.15	\$11.50	-	-

Figures represent monthly income per \$1,000, assuming \$100,000 deposit. Survey period: Nov. 5, 1996 thru Nov. 8, 1996

Life Expectancy Tables

The following two actuarial tables are used for calculating the taxes on annuity payments from qualified plans and tax sheltered annuities. The gender-based Table I is used if the contract does not include a post-June 30, 1986 investment. The unisex Table V is used

if the contract includes a post-June 30, 1986 investment. Table V is also currently used to compute life expectancy for purposes of the minimum distribution requirements applicable to individual retirement plans, tax-sheltered annuities, and qualified retirement

plans, and for determining the life expectancy of a beneficiary receiving a life income of death proceeds of life insurance. For these purposes, Table V is used without regard to the effective date of the contract.

**Table I — Ordinary Life Annuities
One Life — Life Expectancy in Years**

Ages			Ages		
Male	Female	Years	Male	Female	Years
11	16	60.4	56	61	21.0
12	17	59.5	57	62	20.3
13	18	58.6	58	63	19.6
14	19	57.7	59	64	18.9
15	20	56.7	60	65	18.2
16	21	55.8	61	66	17.5
17	22	54.9	62	67	16.9
18	23	53.9	63	68	16.2
19	24	53.0	64	69	15.6
20	25	52.1	65	70	15.0
21	26	51.1	66	71	14.4
22	27	50.2	67	72	13.8
23	28	49.3	68	73	13.2
24	29	48.3	69	74	12.6
25	30	47.4	70	75	12.1
26	31	46.5	71	76	11.6
27	32	45.6	72	77	11.0
28	33	44.6	73	78	10.5
29	34	43.7	74	79	10.1
30	35	42.8	75	80	9.6
31	36	41.9	76	81	9.1
32	37	41.0	77	82	8.7
33	38	40.0	78	83	8.3
34	39	39.1	79	84	7.8
35	40	38.2	80	85	7.5
36	41	37.3	81	86	7.1
37	42	36.5	82	87	6.7
38	43	35.6	83	88	6.3
39	44	34.7	84	89	6.0
40	45	33.8	85	90	5.7
41	46	33.0	86	91	5.4
42	47	32.1	87	92	5.1
43	48	31.2	88	93	5.1
44	49	30.4	89	94	4.8
45	50	29.6	90	95	4.5
46	51	28.7	91	96	4.2
47	52	27.9	92	97	4.0
48	53	27.1	93	98	3.7
49	54	26.3	94	99	3.5
50	55	25.5	95	100	3.3
51	56	24.7	96	101	2.9
52	57	24.0	97	102	2.7
53	58	23.2	98	103	2.5
54	59	22.4	99	104	2.3
55	90	21.7	100	105	2.1

**Table V — Ordinary Life Annuities
One Life — Life Expectancy in Years**

Ages			Ages		
Unisex	Years	Unisex	Years	Unisex	Years
11	70.7	56	27.7		
12	69.7	57	26.8		
13	68.8	58	25.9		
14	67.8	59	25.0		
15	66.8	60	24.2		
16	65.8	61	23.3		
17	64.8	62	22.5		
18	63.9	63	21.6		
19	62.9	64	20.8		
20	61.9	65	20.0		
21	60.9	66	19.2		
22	59.9	67	18.4		
23	59.0	68	17.6		
24	58.0	69	16.8		
25	57.0	70	16.0		
26	56.0	71	15.3		
27	55.1	72	14.6		
28	54.1	73	13.9		
29	53.1	74	13.2		
30	52.2	75	12.5		
31	51.2	76	11.9		
32	50.2	77	11.2		
33	49.3	78	10.6		
34	48.3	79	10.0		
35	47.3	80	9.5		
36	46.4	81	8.9		
37	45.4	82	8.4		
38	44.4	83	7.9		
39	43.5	84	7.4		
40	42.5	85	6.9		
41	41.5	86	6.5		
42	40.6	87	6.1		
43	39.6	88	5.7		
44	38.7	89	5.3		
45	37.7	90	5.0		
46	36.8	91	4.7		
47	35.9	92	4.4		
48	34.9	93	4.1		
49	34.0	94	3.9		
50	33.1	95	3.7		
51	32.2	96	3.4		
52	31.3	97	3.2		
53	30.4	98	3.0		
54	29.5	99	2.8		
55	28.6	100	2.7		

Immediate Annuities Update

Table 2a. Non-Qualified Monies (Ages 60 and 65)

Reporting Companies	Issue Ages	Male 60 Life	Female 60 Life	Unisex 60 Life	Male 65 Life	Female 65 Life	Unisex 65 Life
AIG Life Insur. Co.	0-85	\$ 6.98	\$ 6.43	-	\$ 7.77	\$ 7.02	-
American Heritage	0-85	\$ 7.13	\$ 6.54	\$ 6.66	\$ 7.94	\$ 7.16	\$ 7.32
American Investors	0-85	\$ 6.50	\$ 5.95	\$ 6.23	\$ 7.27	\$ 6.53	\$ 6.90
Canada Life Assur.	40-90	\$ 7.09	\$ 6.52	\$ 6.52	\$ 7.86	\$ 7.11	\$ 7.11
Columbia Universal	0-85	\$ 6.87	\$ 6.28	-	\$ 7.71	\$ 6.92	-
Commercial Union LIC	0-80	\$ 7.17	\$ 6.65	\$ 6.89	\$ 7.90	\$ 7.20	\$ 7.52
Cova Financial Services LIC	0-85	\$ 6.82	\$ 6.23	\$ 6.53	\$ 7.64	\$ 6.86	\$ 7.25
Delta Life & Annuity	1-99	\$ 6.86	\$ 6.20	\$ 6.43	\$ 7.77	\$ 6.86	\$ 7.19
Empire Life	0-95	\$ 7.22	\$ 6.59	\$ 7.10	\$ 8.10	\$ 7.25	\$ 7.93
Federal Home Life	0-85	\$ 7.23	\$ 6.68	-	\$ 8.01	\$ 7.27	-
Fidelity & Guaranty Life	0-70	\$ 7.18	\$ 6.48	\$ 6.83	\$ 7.92	\$ 7.03	\$ 7.48
Franklin LIC	0-100	\$ 6.55	\$ 6.06	\$ 6.24	\$ 7.19	\$ 6.53	\$ 6.77
Golden Rule	0-80	\$ 6.51	\$ 6.02	-	\$ 7.16	\$ 6.49	-
Great American LIC	18-85	\$ 6.96	\$ 6.30	-	\$ 7.81	\$ 7.00	-
Jackson National LIC	no limit	\$ 7.34	\$ 6.78	\$ 7.01	\$ 8.10	\$ 7.36	\$ 7.65
Jefferson Pilot LIC	15-85	\$ 6.13	\$ 5.50	-	\$ 7.00	\$ 6.21	-
Keyport Life	5-90	\$ 7.13	\$ 6.60	\$ 6.88	\$ 7.88	\$ 7.16	\$ 7.52
London Pacific	45-85	\$ 7.15	\$ 6.55	-	\$ 7.79	\$ 7.10	-
Manufacturers LIC	1-100	\$ 6.67	\$ 5.78	\$ 6.15	\$ 7.50	\$ 6.50	\$ 6.99
National Guardian LIC	20-90	\$ 7.05	\$ 6.36	\$ 6.71	\$ 7.99	\$ 7.05	\$ 7.52
Ohio National	0-85	\$ 7.19	\$ 6.54	\$ 6.60	\$ 8.09	\$ 7.21	\$ 7.30
Penn Mutual	0-85	\$ 7.31	\$ 6.70	\$ 7.01	\$ 8.06	\$ 7.23	\$ 7.65
Presidential LIC	0-85	\$ 7.58	\$ 7.15	\$ 7.15	\$ 8.30	\$ 7.71	\$ 7.71
Principal Mutual	0-85	\$ 7.08	\$ 6.49	-	\$ 7.72	\$ 6.92	-
Protective LIC	0-90	\$ 6.96	\$ 6.50	-	\$ 7.64	\$ 7.00	-
Provident Mutual	0-85	\$ 6.98	\$ 6.44	-	\$ 7.71	\$ 6.98	-
Prudential LIC	0-89	\$ 6.79	\$ 6.24	\$ 6.50	\$ 7.55	\$ 6.79	\$ 7.14
SAFECO LIC	55-80	-	-	\$ 6.33	-	-	\$ 6.86
Savings Bank LIC/Mass	0-80	-	-	\$ 6.15	-	-	\$ 6.91
Security Benefit LIC	0-100	\$ 6.48	\$ 5.95	\$ 5.95	\$ 7.20	\$ 6.47	\$ 6.47
Security Connecticut LIC	0-90	\$ 6.74	\$ 6.18	\$ 6.32	\$ 7.52	\$ 6.78	\$ 6.96
Security Mutual/NY	20-80	\$ 7.03	\$ 6.41	-	\$ 7.82	\$ 7.05	-
Southwestern LIC	18-90	\$ 6.21	\$ 5.71	-	\$ 6.89	\$ 6.20	-
Standard Insurance	0-80	\$ 7.27	\$ 6.70	\$ 6.83	\$ 8.03	\$ 7.25	\$ 7.43
USG Annuity & Life	35-85	\$ 7.33	\$ 6.65	-	\$ 8.21	\$ 7.29	-
United Companies LIC	0-99	\$ 6.46	\$ 5.89	-	\$ 7.27	\$ 6.51	-
WM Life Insur. Co.	0-95	\$ 7.22	\$ 6.59	\$ 7.10	\$ 8.10	\$ 7.25	\$ 7.93
Western National LIC	1-100	\$ 7.00	\$ 6.45	-	\$ 7.77	\$ 7.03	-
Western United	0-105	\$ 7.16	\$ 6.52	\$ 6.83	\$ 8.05	\$ 7.22	\$ 7.60

Figures represent monthly income per \$1,000, assuming \$100,000. Survey period: Nov. 5, 1996 thru Nov. 8, 1996.

Immediate Annuities Update

Table 2b. Non-Qualified Monies (Ages 70 and 75)

Reporting Companies	Issue Ages	Male 70 Life	Female 70 Life	Unisex 70 Life	Male 75 Life	Female 75 Life	Unisex 75 Life
AIG Life Insur. Co.	0-85	\$ 8.89	\$ 7.87	-	\$10.48	\$ 9.18	-
American Heritage	0-85	\$ 9.10	\$ 8.05	\$ 8.27	\$10.74	\$ 9.39	\$ 9.67
American Investors	0-85	\$ 8.37	\$ 7.38	\$ 7.87	\$ 9.92	\$ 8.65	\$ 9.28
Canada Life Assur.	40-90	\$ 8.94	\$ 7.95	\$ 7.95	\$10.42	\$ 9.19	\$ 9.19
Columbia Universal	0-85	\$ 8.91	\$ 7.84	-	\$10.60	\$ 9.24	-
Commercial Union LIC	0-80	\$ 8.94	\$ 7.99	\$ 8.41	\$10.42	\$ 9.19	\$ 9.72
Cova Financial Services LIC	0-85	\$ 8.78	\$ 7.75	\$ 8.28	\$10.44	\$ 9.10	\$ 9.77
Delta Life & Annuity	1-99	\$ 9.05	\$ 7.77	\$ 8.23	\$10.48	\$ 9.37	\$ 9.71
Empire Life	0-95	\$ 9.35	\$ 8.20	\$ 9.12	\$11.14	\$ 9.66	\$10.84
Federal Home Life	0-85	\$ 9.13	\$ 8.13	-	\$10.70	\$ 9.43	-
Fidelity & Guaranty Life	0-70	-	-	-	-	-	-
Franklin LIC	0-100	\$ 8.11	\$ 7.21	\$ 7.52	\$ 9.41	\$ 8.25	\$ 8.63
Golden Rule	0-80	\$ 8.09	\$ 7.18	-	\$ 9.39	\$ 8.23	-
Great American LIC	18-85	\$ 9.04	\$ 8.05	-	\$10.83	\$ 9.68	-
Jackson National LIC	no limit	\$ 9.17	\$ 8.16	\$ 8.56	\$10.69	\$ 9.40	\$ 9.91
Jefferson Pilot LIC	15-85	\$ 8.19	\$ 7.13	-	\$ 9.87	\$ 8.52	-
Keyport Life	5-90	\$ 8.91	\$ 7.97	\$ 8.45	\$10.33	\$ 9.18	\$ 9.76
London Pacific	45-85	\$ 8.73	\$ 7.78	-	\$10.06	\$ 8.85	-
Manufacturers LIC	1-100	\$ 8.68	\$ 7.31	\$ 7.98	\$10.31	\$ 8.52	\$ 9.40
National Guardian LIC	20-90	\$ 9.31	\$ 8.02	\$ 8.67	\$11.15	\$ 9.51	\$10.33
Ohio National	0-85	\$ 9.34	\$ 8.17	\$ 8.29	\$11.10	\$ 9.63	\$ 9.77
Penn Mutual	0-85	\$ 9.13	\$ 7.98	\$ 8.58	\$10.60	\$ 9.03	\$ 9.88
Presidential LIC	0-85	\$ 9.31	\$ 8.51	\$ 8.51	\$10.79	\$ 9.72	\$ 9.72
Principal Mutual LIC	0-85	\$ 8.63	\$ 7.58	-	\$ 9.98	\$ 8.64	-
Protective LIC	0-90	\$ 8.61	\$ 7.74	-	\$ 9.98	\$ 8.87	-
Provident Mutual LIC	0-85	\$ 8.63	\$ 7.71	-	\$ 9.77	\$ 8.63	-
Prudential LIC	0-89	\$ 8.66	\$ 7.60	\$ 8.08	\$10.27	\$ 8.88	\$ 9.48
SAFECO LIC	55-80	-	-	\$ 7.64	-	-	\$ 8.80
Savings Bank LIC/Mass	0-80	-	-	\$ 7.98	-	-	\$ 9.54
Security Benefit	0-100	\$ 8.23	\$ 7.24	\$ 7.24	\$ 9.68	\$ 8.41	\$ 8.41
Security Connecticut LIC	0-90	\$ 8.64	\$ 7.63	\$ 7.88	\$10.21	\$ 8.92	\$ 9.24
Security Mutual/NY	20-80	\$ 8.97	\$ 8.02	-	\$10.65	\$ 9.55	-
Southwestern LIC	18-90	\$ 7.86	\$ 6.92	-	\$ 9.23	\$ 8.02	-
Standard Insurance	0-80	\$ 9.10	\$ 8.05	\$ 8.29	\$10.33	\$ 8.98	\$ 9.28
USG Annuity & Life	35-85	\$ 9.42	\$ 8.18	-	\$11.00	\$ 9.47	-
United Companies LIC	0-99	\$ 8.41	\$ 7.39	-	\$10.02	\$ 8.72	-
WM Life Insur. Co.	0-95	\$ 9.35	\$ 8.20	\$ 9.12	\$11.14	\$ 9.66	\$10.84
Western National LIC	1-100	\$ 8.86	\$ 7.87	-	\$10.39	\$ 9.13	-
Western United Life	0-105	\$ 9.29	\$ 8.19	\$ 8.69	\$11.01	\$ 9.62	\$10.23

Figures represent monthly income per \$1,000, assuming \$100,000 deposit. Survey period: Nov. 5, 1996 thru Nov. 8, 1996.

Immediate Annuities Update

Table 2c. Non-Qualified Monies (Miscellaneous Forms)

Reporting Companies	Issue Ages	10Yr CL Unisex 60	10Yr CL Unisex 70	5Yr PC No Life	10YrPC No Life	M65 F60 J&S 50%S	M65 F60 J& 100%S
AIG Life Insur. Co.	0-85	-	-	\$18.33	\$10.55	\$ 6.84	\$ 6.11
American Heritage	0-85	\$ 6.54	\$ 7.80	\$19.25	\$11.02	\$ 6.15	\$ 6.93
American Investors	0-85	\$ 6.09	\$ 7.33	\$17.84	\$10.13	\$ 6.54	\$ 5.71
Canada Life Assurance	40-90	\$ 6.43	\$ 7.60	\$18.46	\$10.65	\$ 6.91	\$ 6.17
Columbia Universal	0-85	-	-	\$19.04	\$10.79	\$ 6.68	\$ 5.88
Commercial Union	0-80	\$ 6.74	\$ 7.84	\$17.75	\$10.41	\$ 7.00	\$ 6.28
Cova Financial Services LIC	0-85	\$ 6.38	\$ 7.71	\$18.17	\$10.48	-	-
Delta Life & Annuity	1-99	\$ 6.30	\$ 7.68	\$18.60	\$10.73	\$ 6.22	\$ 5.80
Empire Life	0-95	\$ 6.87	\$ 8.23	\$18.59	\$10.70	\$ 7.01	\$ 6.19
Federal Home Life	0-85	\$ 7.02	\$ 8.30	\$18.22	\$10.55	\$ 7.29	\$ 6.29
Fidelity & Guaranty Life	0-70	\$ 6.66	\$ 7.86	\$18.29	\$10.61	\$ 6.92	\$ 6.14
Franklin LIC	0-100	\$ 6.15	\$ 7.18	-	-	\$ 6.40	\$ 5.76
Golden Rule	0-80	-	-	-	\$10.56	-	\$ 5.71
Great American LIC	11-85	\$ 6.17	\$ 7.57	\$18.65	\$10.79	\$ 6.98	\$ 5.87
Jackson National LIC	no limit	\$ 6.86	\$ 8.00	\$18.47	\$10.80	\$ 7.39	\$ 6.41
Jefferson Pilot LIC	15-85	-	-	\$18.11	\$10.34	\$ 5.93	\$ 5.14
Keyport Life	5-90	\$ 6.74	\$ 7.92	\$18.38	\$10.67	-	\$ 6.17
London Pacific	45-85	-	-	\$18.76	\$10.79	-	-
Manufacturers LIC	1-100	\$ 6.01	\$ 7.40	\$17.70	\$10.17	\$ 6.27	\$5.46
National Guardian LIC	20-90	\$ 6.50	\$ 7.82	-	-	-	\$ 5.95
Ohio National	0-85	\$ 6.47	\$ 7.77	\$18.39	\$10.72	\$ 7.23	\$ 6.14
Penn Mutual	0-85	\$ 6.85	\$ 7.99	\$18.43	\$10.79	\$ 7.17	\$ 6.38
Presidential LIC	0-85	\$ 7.04	\$ 8.51	\$18.76	\$11.07	\$ 7.45	\$ 6.76
Principal Mutual LIC	0-85	-	-	\$18.58	\$10.57	\$ 6.48	\$ 6.05
Protective LIC	0-90	-	-	\$18.57	\$10.84	-	-
Provident Mutual	0-85	-	-	\$17.87	\$10.30	-	-
Prudential LIC	0-89	\$ 6.34	\$ 7.48	\$17.76	\$10.22	\$ 6.62	\$ 5.89
SAFECO LIC	55-80	\$ 6.24	\$ 7.29	-	-	-	-
Savings Bank LIC/Mass	0-80	\$ 6.01	\$ 7.39	-	\$10.43	-	\$ 5.54
Security Benefit	0-100	\$ 5.88	\$ 6.96	\$18.20	\$10.31	\$ 6.32	\$ 5.63
Security Connecticut LIC	0-90	\$ 6.21	\$ 7.42	\$18.33	\$10.43	\$ 4.64	\$ 4.63
Security Mutual/NY	20-80	-	-	-	-	\$ 6.78	\$ 5.99
Southwestern LIC	5-90	-	-	\$17.70	\$ 9.94	\$ 6.06	\$ 5.41
Standard Insurance	0-80	\$ 6.72	\$ 7.85	\$18.01	\$10.68	\$ 7.09	\$ 6.35
USG Annuity & Life	35-85	-	-	\$18.65	\$10.83	-	\$ 6.21
United Companies LIC	0-99	-	-	\$16.87	\$10.51	-	\$ 5.52
WM Life Insur. Co.	0-95	\$ 6.87	\$ 8.23	\$18.59	\$10.70	\$ 7.01	\$ 6.19
Western National LIC	1-100	-	-	\$18.77	\$10.64	\$ 6.82	\$ 6.07
Western United Life	0-105	-	-	\$19.15	\$11.50	-	-

Figures represent monthly income per \$1,000, assuming \$100,000 deposit. Survey period: Nov. 5, 1996 thru Nov. 8, 1996

Deferred Annuities Update

In a deferred annuity your premium is credited with a fixed interest rate (see column with heading for rate on current issue's date). The length of time for which this rate is guaranteed is shown in the **Rate Guar. Period** column. The column with the heading of last issue's date indicates the crediting rate that was in effect at the time of our prior issue. 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 Rate** heading). 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" method). 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. The column headed **Surrender Fees Yr 1** and **Yr 7** reports the penalties in effect for the two sample years indicated. Quotes include all fees and commissions but not premium taxes, if applicable.

Table 3. Single Premium Fixed Interest Deferred Annuities - With Bailout

Reporting Companies	Policy Name	Issue Ages	Nov. '96 Full Rate	Aug. '96 Full Rate	Nov. '95 Full Rate	Rate Guar. Period	Bail-out Escape Rate	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Yr 7
AIG Life	SPDA	0-75	5.85%	5.85%	na	1 Year	4.85%	3.00%	I	6%	0%
American Heritage	SPDA-2	0-75	6.13%	6.38%	6.00%	1 Year	6.13%	5.00%	I	7%	1%
Amer. Investors	SPDA-I	0-85	7.75%	7.75%	7.75%	1/14/98	5.25%	4.00%	I	10%	4%
Franklin LIC	Pres. Ann. IV	0-85	5.75%	6.10%	5.90%	1 Year	5.10%	4.00%	I	9%	3%
Jefferson Pilot	SPDA	0-85	5.75%	-	5.40%	na	na	4.50%	I	5%	1%
Ohio National	Choice Classic	0-80	6.50%	6.50%	5.85%	1 Year	5.50%	3.00%	I	8%	2%
Presidential Life	SPDA II	0-85	6.35%	6.60%	6.00%	2 Years	4.00%	5.00%	I	6%	2%
Provident Mutual	SPDA I	0-75	6.35%	6.10%	5.55%	2 Years	-	3.00%	I	7%	1%
Provident Mutual	SPDA II	0-75	6.10%	5.85%	5.30%	2 Years	5.10%	3.00%	I	7%	1%
Security Mutual/NY	SPDA	0-80	5.75%	5.75%	5.75%	1 Year	4.75%	3.50%	I	5%	0%
Security Mutual/NY	SPDA	0-80	5.90%	6.00%	5.90%	3 Years	4.90%	3.50%	I	5%	0%
Standard Insurance	SPDA	0-80	6.29%	6.40%	5.28%	1 Year	4.29%	3.00%	I	7%	1%

Survey period: Nov. 5, 1996 thru Nov. 8, 1996

Deferred Annuities Update

Table 4. Single Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies	Policy Name	Issue Ages	Nov. '96	1st Yr.	Aug. '96	Nov. '95	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees	
			Base Rate	Bonus Amount	Base Rate	Base Rate				Yr 1	Yr 7
Amer. Int'l Life/NY	SPDA	0-75	5.85%	1.50%	5.85%	na	1 Year	3.00%	I	6%	0%
American Investors	SPDA 2000+	0-90	5.30%	1.95%	na	na	1 Year	3.00%	I	10%	4%
American Investors	SPDA 1010	0-90	5.30%	1.20%	na	na	10 Years	3.00%	I	10%	4%
Canada Life Assurance	Security 1	0-80	6.00%	1.00%	6.00%	5.25%	1 Year	3.00%	I	7%	2%
Columbia Universal	Pres. Choice	0-85	6.30%	1.00%	6.50%	5.75%	1 Year	4.50%	I	8%	0%
Commercial Union	Savers Adv. 3	0-85	5.00%	3.00%	5.15%	4.20%	1 Year	3.00%	I	10%	5%
Commercial Union	Port. Secure	0-85	5.35%	1.00%	5.55%	4.30%	1 Year	3.50%	P	6%	1%
Delta Life & Annuity	SPDA-PS	1-99	6.25%	-	6.75%	6.00%	1 Year	4.00%	P	6%	3%
Empire LIC	IA Maximizer	0-80	5.50%	1.50%	5.50%	5.80%	1 Year	3.00%	I	6%	1.8%
Federal Home Life	Encore	0-80	5.60%	1.00%	-	5.00%	2 Years	4.00%	I	7%	1%
Fidelity & Guar. Life	Resolute +	18-85	5.85%	3.00%	5.85%	5.95%	1 Year	3.00%	I	9%	3%
Fidelity & Guar. Life	Intrepid	18-85	5.15%	-	5.15%	4.80%	1 Year	3.00%	I	3%	0%
Fidelity & Guar. Life	Optimum +	18-85	5.80%	2.00%	5.80%	5.75%	1 Year	3.00%	I	5%	0%
Fort Dearborn LIC	Capital Fort.	0-80	5.50%	2.00%	5.50%	5.75%	1 Year	3.00%	I	10%	2%
Fort Dearborn LIC	Asset Fort. 5	0-75	5.50%	1.50%	5.50%	5.75%	1 Year	4.00%	I	8%	0%
Fort Dearborn LIC	Finan. Fort. +	0-85	5.75%	1.00%	5.75%	6.00%	1 Year	4.00%	I	6%	0%
Golden Rule	Ult. Bonus	0-73	6.10%	3.00%	6.10%	6.00%	1 Year	3.00%	I	8%	2%
Great American	GTSA VI-SS	18-70	5.65%	(call)	5.65%	6.00%	none	4.00%	I	12%	6%
Great American	Secure 15	0-75	5.40%	(call)	5.40%	5.75%	1 Year	3.00%	I	12%	6%
Great American	Money Max	0-85	5.40%	1.00%	5.15%	5.05%	1 Year	3.00%	I	10%	4%
Great American	SP7R+6-2	0-85	5.00%	(call)	5.00%	4.75%	1 Year	3.00%	I	7%	1%
Great American	SP 10-ST	0-85	5.45%	2.00%	5.20%	5.05%	na	3.00%	I	10%	4%
Jackson National	Action One	0-85	5.85%	4.00%	6.10%	5.35%	1 Year	3.00%	I	9%	3%
Jackson National	Max	0-85	6.25%	-	6.50%	6.75%	1 Year	3.00%	I	6%	0%
Jackson National	Bonus Max 1	0-85	6.25%	3.75%	6.50%	5.75%	1 Year	3.00%	I	9%	3%
Jefferson Pilot	Sec. Advant.	0-85	5.85%	-	6.25%	na	1 Year	3.50%	I	7%	2%
Jefferson Pilot	Secure Plan	0-85	5.75%	-	6.25%	na	1 Year	3.50%	I	5%	0%
Keyport Life	Keyannuity	0-85	5.80%	-	5.90%	5.50%	1 Year	3.50%	I	7%	0%
London Pacific	Opt. Income	0-80	5.75%	-	6.00%	5.70%	1 Year	3.00%	I	10%	4%
Manulife	SPDA II	0-70	4.60%	-	5.30%	4.90%	5 Years	4.00%	P	no surrender	
National Guardian	SPDA	0-85	5.90%	na	na	6.25%	1 Year	4.00%	P	7%	1%
Ohio National	Choice Heritage	0-80	6.65%	-	na	6.00%	1 Year	3.00%	na	6%	0%
Penn Mutual Life	Diversifier 2	0-85	5.35%	-	5.50%	5.30%	1 Year	4.00%	I	7%	1%
Penn Mutual Life	Diversifier 2	0-85	5.40%	-	5.65%	4.75%	3 Years	4.00%	I	7%	1%

continued...

Survey period: Nov. 5, 1996 thru Nov. 8, 1996

Deferred Annuities Update

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

Reporting Companies	Policy Name	Issue Ages	Nov. '96 Base Rate	1st Yr. Bonus Amount	Aug. '96 Base Rate	Nov '95 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees	
										Yr 1	Yr 7
Penn Mutual Life	Diversifier 2	0-85	5.70%	-	6.00%	5.00%	5 Years	4.00%	I	7%	1%
Penn Mutual Life	Diversifier 2	0-85	5.80%	-	6.10%	5.00%	7 Years	4.00%	I	7%	1%
Penn Mutual Life	Tradewind	0-85	6.20%	1.00%	-	-	1 Year	3.00%	I	9%	3%
Presidential	SPDA	0-85	6.75%	-	7.00%	6.40%	1 Year	5.00%	I	6%	2%
Principal Mutual	SPDA	0-95	6.05%	-	6.20%	5.35%	1 Year	3.00%	I	6%	2%
Principal Mutual	SPDA+	0-95	5.90%	1.00%	6.05%	5.20%	1 Year	3.00%	I	6%	2%
Provident Mutual	SPDA III	0-75	6.60%	-	6.35%	5.95%	2 Years	3.00%	I	3%	3%
Provident Mutual	SPDA IV	0-75	5.90%	1.40%	5.65%	5.25%	2 Years	3.00%	I	5%	5%
Provident Mutual	SPDA V	0-75	5.90%	1.00%	-	na	1 Year	3.00%	I	7%	0%
Reliance Standard	Apollo-MVA	0-85	5.30%	2.00%	5.70%	5.50%	1 Year	3.00%	I	9%	2%
Reliance Standard	Apollo-SP	0-85	5.00%	2.00%	5.40%	5.20%	1 Year	3.00%	I	9%	2%
SAFECO LIC	QPA III +	0-75	5.75%	1.25%	6.00%	5.25%	1 Year	4.34%	I	9%	4%
SAFECO LIC	QPA V +	0-75	5.50%	1.40%	5.70%	5.15%	1 Year	3.00%	I	8%	2%
SAFECO LIC	Advantage 2	0-85	5.75%	-	na	na	1 Year	3.00%	I	5%	0%
SAFECO LIC	Advantage 3	0-85	5.75%	1.00%	na	na	1 Year	3.00%	I	7%	0%
Savings Bank LIC/MA	LifeSaver	0-80	5.25%	-	5.50%	4.75%	1 Year	4.00%	I	7%	1%
Security Benefit	Sec. Premier	0-80	5.65%	1.00%	5.85%	5.50%	1 Year	3.50%	I	8%	0%
Security Benefit	Security Prov.	0-80	5.65%	-	5.85%	5.50%	1 Year	3.50%	I	9%	0%
Security Connecticut	SPDA Classic	0-85	5.50%	2.00%	na	na	1 Year	na	na	9%	3%
Security Mutual/NY	SPDA	0-80	6.00%	-	6.00%	6.00%	1 Year	3.50%	I	5%	0%
Security Mutual/NY	SPDA	0-80	6.15%	-	6.25%	6.15%	3 Years	3.50%	I	5%	0%
Southwestern LIC	Golden Bonus	0-85	5.10%	2.50%	5.30%	5.30%	1 Year	3.00%	I	12%	9%
Southwestern LIC	Advantage 7	0-80	5.25%	1.00%	na	na	1 Year	3.50%	I	8%	2%
Southwestern LIC	Income Prov.	0-80	5.30%	1.00%	5.70%	5.20%	2 Years	4.00%	I	10%	7%
USAA Life	SPDA	open	6.30%	-	6.40%	6.40%	Cal. Yr.	4.00%	P	7%	0%
USG Annuity & Life	Advant. Gold	0-85	5.80%	1.00%	6.65%	na	1 Year	3.00%	I	7%	3%
USG Annuity & Life	Interest Builder	0-85	5.00%	5.00%	6.00%	na	1 Year	3.00%	I	10%	3%
USG Annuity & Life	Cornerstone	0-90	5.00%	3.00%	na	5.45%	1 Year	3.00%	I	9%	3%
USG Annuity & Life	MVA 3	0-85	5.00%	1.00%	5.75%	5.30%	1 Year	3.00%	I	9%	2%
USG Annuity & Life	MVA 9	0-85	5.60%	2.00%	6.40%	5.85%	1 Year	3.00%	I	9%	3%
United Companies	Superior 5	0-85	5.20%	-	5.65%	na	5 Yrs.	3.00%	P	7%	0%
WM Life	IA Maximizer	0-80	5.50%	1.50%	5.50%	5.80%	1 Year	3.00%	I	6%	1.8%
Western National	Envision + II	0-69	5.75%	1.00%	6.00%	6.00%	1 Year	3.00%	I	9%	2%
Western National	SPDA +2	0-85	5.45%	-	5.70%	5.75%	1 Year	4.00%	I	7%	0%
Western National	Vision 1	0-85	5.70%	2.00%	5.95%	5.90%	1 Year	3.00%	I	9%	5%

Survey period: Nov. 5, 1996 thru Nov. 8, 1996

Deferred Annuities Update

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

Reporting Companies	Policy Name	Issue Ages	Nov. '96	Aug. '96	Nov. '95	Rate Guar. Period	Surrender Penalties by Year								
			Full Rate	Full Rate	Full Rate	1	2	3	4	5	6	7	8	9	
Columbia Universal	Your Choice	0-100	5.10%	5.20%	5.00%	3 mos.	2%	2%	2%	2%	2%	2%	2%	2%	2%
Commercial Union	Select Rate 1	0-85	4.20%	na	na	1 Year	6%	6%	6%	6%	6%	6%	6%	6%	6%
Cova Finan. Svcs.	Acct. 4 Keeps 1	0-84	4.50%	4.50%	4.25%	1 Year	2%	1%	1%	1%	1%	1%	1%	1%	1%
Federal Home Life	SPDA Preferred	0-80	5.20%	na	5.00%	1 Year	7%	6%	5%	4%	3%	2%	1%	0%	0%
Fidelity & Guar.	Intrepid LQ	18-85	4.15%	4.15%	4.25%	1 Year	5%	5%	5%	5%	5%	5%	5%	5%	5%
Protective Life	Future Saver	0-94	4.00%	na	3.70%	1 Year	6%	6%	6%	6%	6%	6%	6%	6%	6%
Provident Mutual	Asset. Accumul.	0-75	4.93%	5.08%	5.03%	1 Year	3%	3%	3%	3%	3%	3%	3%	2%	1%

Survey period: Nov. 5, 1996 thru Nov. 8, 1995

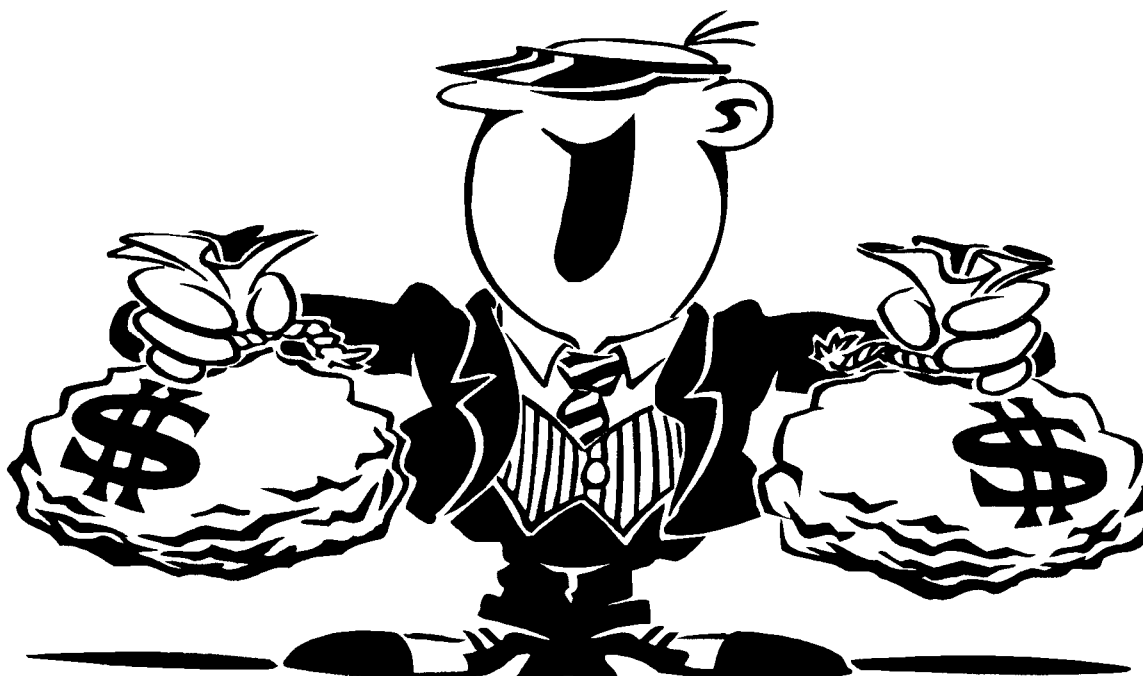


Table 7. Flexible Premium Fixed Interest Deferred Annuities - With Bailout

Reporting Companies	Policy Name	Issue Ages	Nov. '96 Full Rate	Aug. '96 Full Rate	Nov. '95 Full Rate	Rate Guar. Period	Bail-out Escape Rate	Guar. Rate	Rnwl Mthod	Surrender Fees	
										Yr 1	Yr 7
Franklin LIC	Pres. Ann. IIA	0-75	5.75%	6.10%	5.90%	1 Year	na	4.00%	I	10%	4%
Prudential Life	Discovery	0-85	5.15%	5.15%	4.60%	3 Years	4.15%	3.10%	I	7%	0%
Prudential Life	Discovery	0-85	4.65%	4.65%	4.10%	6 Years	3.65%	3.10%	I	7%	0%
Security Mutual/NY	FPA	0-80	5.75%	5.75%	5.75%	1 Year	inoperable	4.50%	P	7%	4%
Standard Insurance Co	FPDA	0-80	5.65%	5.87%	5.02%	1 Year	3.65%	3.00%	I	7%	3%

Survey period: Nov. 5, 1996 thru Nov. 8, 1996

Deferred Annuities Update

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

Reporting Companies	Policy Name	Issue Ages	Nov. '96	Aug. '96	Nov. '95	Yield	Surrender Penalties by Year									
			Full Rate	Full Rate	Full Rate	Guar. Period	1	2	3	4	5	6	7	8	9	10
Comm. Union #	Select Rate 10	0-85	6.00%	na	na	10 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Comm. Union #	Select Rate 7	0-85	5.55%	na	na	7 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Comm. Union #	Select Rate 5	0-85	5.35%	na	na	5 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Comm. Union #	Select Rate 3	0-85	5.00%	na	na	3 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Cova Financial Svcs.	Acct. 4 Keeps 7	0-85	5.80%	6.00%	5.25%	7 Yrs	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Cova Financial Svcs.	Acct. 4 Keeps 5	0-85	5.60%	6.00%	5.10%	5 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Cova Financial Svcs.	Acct. 4 Keeps 3	0-85	5.00%	5.00%	4.50%	3 Yrs	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Crown Life #	SPDA	0-75	5.83%	6.43%	6.03%	10 Yrs	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	5.77%	6.37%	5.97%	9 Yrs	9%	8%	7%	6%	5%	4%	3%	2%	1%	-
Crown Life #	SPDA	0-75	5.67%	6.32%	5.87%	8 Yrs	8.4%	7.4%	6.3%	5.3%	4.2%	3.2%	2.1%	1.1%	-	-
Crown Life #	SPDA	0-75	5.50%	6.10%	5.75%	7 Yrs	8.4%	7.2%	6.0%	4.8%	3.6%	2.4%	1.2%	-	-	-
Crown Life #	SPDA	0-75	5.24%	5.89%	5.54%	6 Yrs	8.4%	7.0%	5.6%	4.2%	2.8%	1.4%	-	-	-	-
Crown Life #	SPDA	0-75	5.02%	5.92%	5.37%	5 Yrs	8.0%	6.4%	4.8%	3.2%	1.6%	-	-	-	-	-
Delta Life & Annuity	Guar. Int. Ann.	1-99	5.00%	5.50%	4.55%	5 Yrs	3%	3%	3%	3%	3%	-	-	-	-	-
Protective Life	Future Saver	0-94	6.10%	na	5.45%	10 Yrs	6%	6%	5%	4%	3%	2%	1%	0%	0%	0%
Protective Life	Future Saver	0-94	6.00%	na	5.35%	9 Yrs	6%	6%	5%	4%	3%	2%	1%	0%	0%	0%
Protective Life	Future Saver	0-94	5.90%	na	5.20%	8 Yrs	6%	6%	5%	4%	3%	2%	1%	0%	0%	0%
Protective Life	Future Saver	0-94	5.80%	na	5.10%	7 Yrs	6%	6%	5%	4%	3%	2%	1%	0%	0%	0%
Protective Life	Future Saver	0-94	5.70%	na	5.05%	6 Yrs	6%	6%	5%	4%	3%	2%	0%	0%	0%	0%
Protective Life	Future Saver	0-94	5.60%	na	5.00%	5 Yrs	6%	6%	5%	4%	3%	0%	0%	0%	0%	0%
Protective Life	Future Saver	0-94	5.35%	na	4.85%	4 Yrs	6%	6%	5%	4%	0%	0%	0%	0%	0%	0%
Protective Life	Future Saver	0-94	5.15%	na	4.75%	3 Yrs	6%	6%	5%	0%	0%	0%	0%	0%	0%	0%
Protective Life	Future Saver	0-94	4.70%	na	4.30%	2 Yrs	6%	6%	0%	0%	0%	0%	0%	0%	0%	0%
Protective Life	Prosaver Plat.	0-85	6.70%	na	na	10 Yrs	6%	6%	5%	4%	3%	2%	1%	0%	0%	0%
Protective Life	Prosaver Plat.	0-88	6.35%	na	na	7 Yrs	6%	6%	5%	4%	3%	2%	1%	0%	0%	0%
Protective Life	Prosaver Plat.	0-90	6.15%	na	na	5 Yrs	6%	6%	5%	4%	3%	0%	0%	0%	0%	0%
Protective Life	Prosaver Plat.	0-92	5.70%	na	na	3 Yrs	6%	6%	5%	0%	0%	0%	0%	0%	0%	0%
Western United	CD-MAX I	0-84	5.35%	5.35%	5.60%	3 Yrs	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Western United	CD-MAX V	0-84	6.15%	6.15%	6.30%	5 Yrs	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity
Survey period: Nov. 5, 1996 thru Nov. 8, 1996

Deferred Annuities Update

Table 8. Flexible Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies	Policy Name	Issue Ages	Nov. '96	1st Yr.	Aug. '96	Nov. '95	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees	
			Base Rate	Bonus Amount	Base Rate	Base Rate				Yr 1	Yr 7
AIG Life	FPDA	0-80	5.85%	1.0%	5.85%	na	1 Year	3.00%	I	10%	4%
American Heritage	PFPA	0-69	5.63%	-	5.88%	5.50%	-	4.00%	I	10%	2%
American Investors	FPDA-P2	0-85	5.30%	2.75%	5.30%	5.50%	1 Year	3.25%	I	12%	6%
American Investors	FPDA-P4	0-90	5.30%	4.75%	na	5.50%	1 Year	3.00%	I	12%	6%
American Investors	FPDA-P10	0-90	5.30%	na	na	na	1 Year	3.00%	I	12%	7%
American Investors	FPDA-P0	0-90	5.30%	0.75%	na	5.50%	1 Year	3.50%	I	12%	6%
Columbia Universal	FPDA II	18-75	5.75%	-	5.75%	5.75%	1 Year	4.50%	P	10%	4%
Commercial Union	Max Rewards	0-85	5.00%	2.50%	na	4.30%	1 Year	3.50%	I	9%	2%
Delta Life & Annuity	Flex/No Load	0-99	6.00%	na	6.50%	5.75%	1 Year	4.00%	P	8%	4%
Empire LIC	FPA	0-85	5.15%	1.50%	5.15%	5.40%	1 Year	3.00%	I	8.1%	2.7%
Empire LIC	IA Classic	0-85	5.10%	.75%	5.10%	5.40%	1 Year	3.00%	I	5%	0%
Federal Home Life	Premier Flex	15-75	5.35%	-	na	5.60%	1 Year	4.00%	I	10%	0%
Federal Home Life	Premier Ann +	0-80	4.85%	1.50%	na	5.00%	1 Year	4.00%	I	9%	2%
Fidelity & Guar. Life	Optimum	18-85	5.80%	1.00%	5.80%	5.65%	1 Year	3.00%	I	5%	0%
Fidelity & Guar. Life	Resolute	18-85	5.85%	na	5.85%	5.95%	1 Year	3.00%	I	12%	6%
Fort Dearborn Life	Fortifier II	0-85	6.25%	-	6.25%	6.75%	1 Year	4.00%	I	6%	0%
Golden Rule	Flex-Vantage	0-60	6.10%	1.00%	6.10%	6.00%	1 Year	3.00%	I	9%	4%
Great American (q)	TSA III	18-65	5.50%	(flex)	5.50%	5.80%	-	4.00%	I	5%	0%
Great American (q)	GTSA VI	18-65	6.50%	1.00%	6.25%	6.25%	-	4.00%	I	30%	0%
Great American (q)	TSA VIII	18-65	6.55%	(flex)	6.30%	6.00%	-	3.00%	I	varies by age	
Investors Insur. Corp.	Amer. Bonus	0-85	5.00%	8.05%	5.00%	4.00%	1 Year	3.00%	I	10%	4%
Investors Insur. Corp.	Amer. Trad.	0-85	5.00%	1.75%	5.00%	4.00%	1 Year	3.00%	I	10%	4%
Investors Insur. Corp.	Guar. Bonus	0-85	5.00%	6.25%	na	4.00%	1 Year	3.00%	I	15%	7%
Investors Insur. Corp.	Guar. Trad.	0-85	5.00%	3.25%	na	4.00%	1 Year	3.00%	I	15%	7%
Jackson National	Flex I	0-70	6.25%	-	6.50%	5.75%	1 Year	3.00%	I	12%	3%
Jefferson Pilot LIC	FPDA	0-75	5.75%	-	6.25%	5.40%	1 Year	3.50%	I	9%	5%
Jefferson Pilot LIC	Flex. Bonus	0-85	5.90%	1.00%	5.90%	na	1 Year	3.50%	I	7%	2%
Jefferson Pilot LIC	Prosperity	0-85	6.10%	2.00%	na	na	1 Year	3.00%	I	9%	2.5%
Jefferson Pilot LIC	Secure Advant.	0-85	6.10%	-	na	5.40%	1 Year	3.50%	I	7%	2%
Jefferson Pilot LIC	Secure Plan	0-85	6.00%	-	na	5.40%	1 Year	3.50%	I	5%	0%
Keyport Life	Keyaddition	0-85	5.65%	1.00%	na	5.35%	na	3.50%	I	7%	3%
London Pacific	Future Guard	no limit	6.10%	-	6.25%	5.70%	1 Year	3.00%	P	12%	8%

continued...

Survey period: Nov. 5, 1996 thru Nov. 8, 1996

Deferred Annuities Update

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

Reporting Companies	Policy Name	Issue Ages	Nov. '96 Base Rate	1st Yr. Bonus Amount	Aug. '96 Base Rate	Nov. '95 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1 Yr 7	
National Guardian	FPA	0-80	5.85	-	na	5.50%	6 mos.	4.00%	P	10%	3%
Ohio National	Prime I	0-75	6.50%	-	6.50%	5.50%	1 Cal. Yr.	4.00%	I	7.8%	7.8%
Penn Mutual Life	Divers. 2	0-85	5.35%	-	5.50%	5.30%	1 Year	4.00%	I	7%	2.5%
Penn Mutual Life	Divers. 2	0-85	5.40%	-	5.65%	4.75%	3 Years	4.00%	I	7%	2.5%
Penn Mutual Life	Divers. 2	0-85	5.70%	-	6.00%	5.00%	5 Years	4.00%	I	7%	2.5%
Penn Mutual Life	Divers. 2	0-85	5.80%	-	6.10%	5.00%	7 Years	4.00%	I	7%	2.5%
Presidential	No Load	0-85	6.60%	-	6.85%	6.25%	1 Cal. Yr.	5.00%	I	7%	4%
Presidential (q)	TSA-Loan	0-85	6.60%	-	6.85%	6.25%	1 Cal. Yr.	5.00%	I	7%	4%
Principal Mutual LIC	FPDA	0-85	5.90%	-	6.05%	5.20%	1 Year	4.00%	I	7%	3%
Provident Mutual	LTD	0-85	6.50%	1.00%	6.25%	5.60%	1 Year	3.00%	I	10%	4%
SAFECO LIC	QPA III	0-75	5.75%	-	6.00%	5.25%	1 Year	4.34%	I	9%	4%
SAFECO LIC	QPA V	0-75	5.50%	-	5.70%	5.15%	1 Year	3.00%	I	8%	2%
Security Benefit	Secur. Mark	0-75	5.65%	-	5.85%	5.50%	1 Year	3.50%	I	8%	2%
Security-Connecticut	SPDA 1	0-85	5.10%	1.50%	na	na	1 Year	3.50%	na	7%	0%
Southwestern LIC	Flex-Rite	0-75	6.00%	-	6.00%	6.45%	-	4.00%	P	7%	2%
USAA Life	FPDA	open	5.05%	-	5.05%	5.80%	1 month	3.00%	P	7%	1%
USG Annuity & Life	Advant. Silver	0-85	5.35%	1.00%	6.15%	na	1 Year	3.00%	I	9%	2%
USG Annuity & Life	Flex 15	0-70	5.50%	2.00%	6.00%	5.60%	1 Year	3.00%	I	22%	13%
USG Annuity & Life	Flex 9	0-85	5.20%	2.00%	6.00%	5.80%	1 Year	3.00%	I	9%	3%
USG Annuity & Life	Retire. Choice	0-70	5.25%	1.00%	6.00%	5.60%	1 Year	3.00%	I	9%	3%
United Companies Life	Taxsaver II	0-85	6.20%	1.25%	6.20%	5.80%	1 Year	3.00%	P	10%	4%
WM Life Ins. Co.	FPA	0-85	5.15%	1.50%	5.15%	5.40%	1 Year	3.00%	I	8.1%	2.7%
WM Life Ins. Co.	IA Classic	0-85	5.10%	.75%	5.10%	5.40%	1 Year	3.00%	I	5%	0%
Western National	FPDA Plus	0-85	5.75%	-	6.00%	6.00%	none	4.00%	I	6%	0%
Western National	FPDA Plus II	0-85	6.00%	-	6.25%	6.25%	none	4.00%	I	8%	2%
Western National	Vision Flex	0-70	6.25%	-	6.50%	6.40%	none	3.00%	I	10%	6%
Western United	Uniflex III	0-84	6.50%	-	6.50%	6.75%	1 Year	4.50%	I	5%	3%

Survey period: Nov. 5, 1996 thru Nov. 8, 1996

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
Columbia Universal	Split Annuity	0-85	6.50%	\$72,991	\$512.35	\$27,009	6.44%	\$64,595	\$505.21	\$35,405
Empire Life	Classic	0-85	3.56%	\$83,938	\$298.65	\$16,062	3.39%	\$79,120	\$293.58	\$20,880
Federal Home Life	Encore/SPIA	0-80	5.30%	\$80,461	\$354.00	\$19,539	na	na	na	na
Manulife	SPDAII/SPIA	0-70	4.60%	\$79,862	\$353.25	\$20,138	5.00%	\$71,068	\$387.02	\$28,932
Penn Mutual	Div. II/SPIA	0-85	na	na	na	na	5.80%	\$67,391	\$454.53	\$32,609
Presidential (nq)	Combi-nnuity	0-85	6.15%	\$74,199	\$484.07	\$25,801	na	na	na	na
Provident Mutual	SPDA/SPIA	0-75	6.10%	\$74,374	\$455.00	\$25,626	na	na	na	na
USG Ann. & Life	Advant/SPIA	0-85	6.40%	\$73,332	\$485.79	\$26,668	na	na	na	na
USG Ann. & Life	Multi Yr/SPIA	0-85	6.00%	\$74,726	\$460.40	\$24,274	6.10%	\$66,068	\$469.30	\$33,932
United Services Life	Split Annuity	0-85	5.25%	\$77,426	\$402.37	\$22,574	na	na	na	na
WM Life	Classic	0-85	3.56%	\$83,938	\$298.65	\$16,062	3.39%	\$79,120	\$293.58	\$20,880
Western United	CD-Max V	0-84	6.15%	\$74,199	\$494.00	\$25,801	na	na	na	na

Survey period: Nov 5, 1996 thru Nov. 8, 1996

Structured Settlement Update

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 tax benefits to plaintiff attorneys by allowing receipt of fees over an extended period of time.

The following quotations represent the total premium amount required to guarantee \$1,000 of monthly life income, assuming a 0% or 3% per annum cost of living 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 \$1,000; in year 2 at \$1,030; in year 3 at \$1,060.90; 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

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
Comm. Union	\$192,939	\$320,500	\$153,367	\$209,169	\$196,315	\$334,714	\$165,662	\$234,941	\$500
Empire Life	\$196,950	\$329,876	\$161,063	\$225,977	\$199,363	\$340,264	\$171,658	\$248,137	na
Fidelity & Guaranty	\$192,652	\$338,946	\$149,685	\$206,131	\$199,270	\$371,409	\$165,914	\$240,415	\$500
Penn Mutual	\$186,473	\$326,379	\$155,346	\$222,002	\$188,638	\$338,092	\$165,089	\$244,303	na
Presidential	\$174,599	\$292,704	\$147,458	\$205,386	\$177,170	\$303,633	\$154,485	\$220,350	\$100
SAFECO	\$181,162	\$304,644	\$149,383	\$208,057	\$185,092	\$320,896	\$161,893	\$235,808	\$500
WM Life	\$196,950	\$329,876	\$161,063	\$225,977	\$199,363	\$340,264	\$171,658	\$248,137	na

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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 (as of 9/30/1996)

Reporting Companies	Policy Name	Total Assets \$ Mil	# of Accts	Types of Accounts (see Legend)	Fixed Acct Rate	Rate Guar Period	Surrender Fees Yr 1	Yr 7
Ameritas Variable LIC	Overture Annuity III+	\$ 64.0	20	AA,AG,B,CA,ELFI,G,GS,MM,RP,S	5.25%	1 Year	6%	2%
Cova Financial Svcs	Variable Annuity	\$ 782.5	14	AA,EL,FI,SI,MM	6.00%	1 Year	5%	0%
Fortis Benefits Life	Opportunity	\$1,330.2	15	AA,AG,B,CA,FI,G,GS,MM,SI	6.00%	1 Year	5%	0%
Fortis Benefits Life	Masters	\$1,083.3	15	AA,AG,B,CA,FI,G,GS,MM,SI	5.05%	1 Year	7%	1%
Jackson National	Perspective	\$273.4	14	AG,B,CA,ELFI,G,GS,HY,I,MM	4.05%	1 Year	7%	1%
Manulife Financial	Lifestyle	\$ 258.7	8	AG,B,FI,G,I(2),MM,RP	3.00%	na	8%	0%
Nationwide	Best of Amer. IV	\$8,866.2	30	AA,AG,B,CA,G,GS,FI,GS,I,EL,SA,SI	5.35%	1 Year	7%	1%
Nationwide	America's Vision	\$4,408.7	30	AA,AG,B,CA,G,GS,FI,GS,I,EL,SA,SI	5.35%	1 Year	7%	1%
Ohio National	TOP	\$ 266.1	9	AG(2),B,CA,FI,G,GS,I(2),MM	6.50%	Cal. Yr.	7.8%	7.8%
Ohio National	TOP Plus	\$ 66.7	9	AG(2),B,CA,FI,G,GS,I(2),MM	6.60%	Cal. Yr.	6%	0%
Phoenix Home Life	Big Edge Choice	\$ 112.4	11	B,CA,G,MM,RP	5.75%	1 Year	5%	0%
Principal Mutual	Variable Annuity	\$ 693.4	11	AA,AG,B,CA,FI,G,GS,I,MM	5.35%	1 Year	6%	2%
Provident Mutual	VIP/2	\$ 341.0	23	AG,B,EL,FI,G,GS,I,MM,S,SI	5.75%	Cal. Yr.	6%	0%
Prudential LIC	Discovery Plus	\$5,841.0	14	AG,B,EL,FI,G,GS,MM,RP,S,SI	5.35%	1 Year	7%	0%
Prudential LIC	Discovery Preferred	\$ 272.4	142	AG,B,CA,ELFI,G,MM,RP,S,SI	4.50%	1 Year	7%	1%
Prudential LIC	VIP	\$6,871.5	14	B,CA,ELFI,G,GS,MM,RP,SI	5.50%	1 Year	8%	2%
SAFECO	Variable Acct. B	\$ 173.2	7	B,ELFI,G,I,MM,S	na	na	9%	4%
SAFECO	Spinnaker Plus	\$ 50.2	12	B,ELFI,G,I,MM,S	7.45%	1 Year	8%	2%
SAFECO	Spinnaker	\$102.5	12	B,ELFI,G,I,MM,S	6.25%	1 Year	8%	2%
SAFECO	Mainsail	\$ 3.4	13	B,ELFI,G,I,MM,S	5.90%	1 Year	7%	0%
Security Benefit	Variflex	\$2,469.0	11	AA,AG,B,ELFI,G,HY,I,MM,I,SA	5.65%	na	8%	2%
Security Benefit	Variflex LS	\$2,469.0	11	AA,AG,B,ELFI,G,HY,I,MM,I,SA	4.00%	na	0%	2%
United Companies	Spectra Direct	\$ 12.7	11	AA,AG,B,CA,ELFI,G,GS,MM,S	5.00%	1 Year	8.5%	5%
WM Life Insur. Co.	Composite	\$ 62.8	3	FI,G,S	5.85%	1 Year	7%	1%

AA Asset Allocation CA Capital Apprec. G Growth I International S Sectors
AG Aggressive Growth EI Equity/Income GS Govt Securities MM Money Market SA Social Awareness
B Balanced FI Fixed Income HY High Yield RP Real Property SI Stock Index
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 9/30/96			
			YTD	1 Yr	3 Yr	5 Yr
Ameritas Variable/Overture III+/Fidelity High Income	\$12.19	\$ 2.0	10.5%	13.0%	10.1%	14.0%
Cova Financial Svcs/Variable Annuity/Quality Income	\$15.13	\$53.0	-1.3%	2.6%	2.4%	5.7%
Fortis Benefits/Opportunity/Diversified Income	\$1.75	\$39.1	-0.1%	3.8%	3.1%	5.9%
Fortis Benefits/Masters/High Yield	\$11.84	\$19.8	8.2%	12.5%	na	na
Jackson National/Perspective/High-Yield Bond	\$10.84	\$ 7.2	-0.7%	3.2%	na	na
Manulife Financial/Lifestyle/Capital Growth Bond	\$18.89	\$15.5	-0.6%	4.2%	4.4%	7.1%
Nationwide/Best of America IV/Fidelity High Income	\$24.12	\$384.2	10.6%	13.1%	10.2%	14.1%
Nationwide/America's Vision/Fidelity High Income	\$12.93	\$233.9	10.5%	13.0%	10.1%	14.0%
Ohio National/TOP Annuity /Bond	\$24.42	\$ 6.6	-0.3%	3.6%	3.3%	6.0%
Ohio National/TOP Plus Annuity /Bond	\$11.12	\$ 2.1	-0.1%	4.0%	3.7%	6.4%
Phoenix Home Life/Big Edge Choice/Multi-Sector	\$ 1.12	\$ 9.6	na	11.2%	7.3%	9.4%
Principal Mutual/Variable Annuity/Bond	\$11.86	\$46.0	na	2.1%	4.1%	6.8%
Provident Mutual/VIP 2/Market St. Bond	\$540.77	\$ 5.1	-1.4%	2.8%	2.4%	5.2%
Prudential/Discovery Plus/Government Income	\$1.69	\$213.3	-0.8%	2.8%	2.4%	6.1%
Prudential/Discovery Preferred/Diversified Bond	\$1.03	\$13.5	-0.3%	na	na	na
Prudential/Variable Investment Plan/Diversified Bond	\$2.89	\$163.5	0.7%	4.3%	4.2%	6.4%
SAFECO/Variable Acct. B/Bond	\$17.79	\$ 8.4	-1.8%	3.3%	2.8%	5.7%
SAFECO/Spinnaker Plus/Bond	\$17.79	\$ 0.6	-1.8%	3.3%	2.8%	5.7%
SAFECO/Spinnaker/Bond	\$17.70	\$ 1.7	-1.9%	3.1%	2.6%	5.5%
SAFECO/Mainsail/Bond	\$17.70	\$ 0.1	-1.9%	3.1%	2.6%	5.5%
Security Benefit/Variflex/High Grade Income	\$21.59	\$ 118.0	-2.4%	2.6%	1.1%	5.5%
Security Benefit/Variflex LS/High Grade Income	\$11.27	\$ 11.0	-2.5%	2.5%	0.9%	5.3%
United Companies/Spectra Direct/High Income Bond	\$10.99	\$ 1.0	na	0.9	na	na
Wm Life/Composite/Income	\$28.17	\$16.7	-1.7%	2.8%	3.0%	5.7%

na=data not available

Variable Annuities Update

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

Contract Fee	Admin. Fee	Mortality+ Expenses	Mgt. Fee	Other	Total	Insurance Company/Contract/Fund Name
na	.15%	1.25%	.60%	.11%	2.11%	Ameritas Variable/Overture III+/Fidelity High Income
\$30	.15%	1.25%	.50%	.10%	2.00%	Cova Financial Svcs/Variable Annuity/Quality Income
\$35	.10%	1.25%	.47%	.08%	1.90%	Fortis Benefits/Opportunity/Diversified Income
\$0	.10%	1.25%	.50%	.13%	1.98%	Fortis Benefits/Masters/High Yield
\$35	.15%	1.25%	.75%	.15%	2.30%	Jackson National/Perspective/High-Yield Bond
\$30	na	1.45%	.50%	na	1.95%	Manulife Financial/Lifestyle/Capital Growth Bond
\$30	.05%	1.25%	.60%	.11%	2.01%	Nationwide/Best of America IV/Fidelity High Income
\$0	.15%	1.25%	.60%	.11%	2.11%	Nationwide/America's Vision/Fidelity High Income
\$30	.25%	.85%	.60%	.18%	1.88%	Ohio National/TOP Annuity/Bond
\$0	.25%	.65%	.60%	.18%	1.68%	Ohio National/TOP Annuity Plus/Bond
na	na	1.25%	.50%	.15%	1.90%	Phoenix Home Life/Big Edge Choice/Multi-Sector
\$30	0.0%	1.25%	.50%	.06%	1.81%	Principal Mutual/Variable Annuity/Bond
\$30	.15%	1.25%	.35%	.25%	2.00%	Provident Mutual/VIP 2/Market St. Bond
\$30	-	1.20%	.40%	.05%	1.65%	Prudential/Discovery Plus/Government Income
\$0	-	1.40%	.40%	.04%	1.84%	Prudential/Discovery Preferred/Diversified Bond
\$30	-	1.20%	.40%	.04%	1.64%	Prudential/Variable Investment Plan/Diversified Bond
\$30	0.0%	1.25%	.72%	0.0%	1.97%	SAFECO/Variable Account B/Bond
\$0	0.0%	1.25%	.72%	0.0%	1.97%	SAFECO/Spinnaker Plus/Bond
\$30	.15%	1.25%	.72%	0.0%	2.12%	SAFECO/Spinnaker/Bond
\$30	.15%	1.25%	.72%	0.0%	2.12%	SAFECO/Mainsail/Bond
\$30	0.0%	1.20%	.75%	.10%	2.05%	Security Benefit/Variflex/High Grade Income
\$0	.15%	1.25%	.75%	.10%	2.25%	Security Benefit/Variflex LS/High Grade Income
\$30	.15%	1.52%	0.0%	.80%	2.47%	United Companies/Spectra Direct/High Income Bond
\$30	0.0%	1.20%	.50%	.18%	1.88%	WM Life/Composite/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 9/30/96			
			YTD	1 Yr	3 Yr	5 Yr
Ameritas Variable/Overture III+/Fidelity Contrafund	\$15.17	\$ 4.3	10.7%	10.5%	na	na
Cova Financial Svcs/Variable Annuity/Stock Index	\$17.67	\$84.4	12.0%	18.3%	14.9%	na
Fortis Benefits/Opportunity/Growth	\$2.94	\$239.7	13.8%	9.9%	11.1%	11.8%
Fortis Benefits/Masters/Aggressive Growth	\$14.91	\$36.6	19.6%	17.4%	na	na
Jackson National/Perspective/Alger Growth	\$10.76	\$ 28.7	0.7%	na	na	na
Manulife Financial/Lifestyle/Emerging Growth	\$45.40	\$79.8	1.3%	2.4%	8.0%	16.7%
Nationwide/Best of America IV/Fidelity Growth	\$37.84	\$1,186	11.3%	6.3%	13.6%	15.4%
Nationwide/America's Vision/Fidelity Growth	\$14.97	\$401.4	11.2%	6.2%	13.5%	15.3%
Ohio National/TOP Annuity/Equity	\$41.92	\$110.4	11.3%	14.1%	12.2%	12.0%
Ohio National/TOP Plus Annuity/Equity	\$14.31	\$12.4	11.6%	14.4%	12.5%	12.4%
Phoenix Home Life/Big Edge Choice/Growth	\$ 1.15	\$ 1.2	na	9.5%	12.2%	14.4%
Principal Mutual/Variable Annuity/Growth	\$13.97	\$79.2	na	13.0%	na	na
Provident Mutual/VIP 2/Fidelity VIP Growth	\$731.42	\$45.5	14.9%	5.9%	13.3%	15.1%
Prudential/Discovery Plus/Equity	\$5.24	\$927.7	9.0%	11.4%	13.9%	15.0%
Prudential/Discovery Preferred/Equity	\$1.11	\$48.3	7.9%	na	na	na
Prudential/Variable Investment Plan/Equity	\$5.24	\$1016.9	9.0%	11.1%	13.9%	14.8%
SAFECO/Variable Account B/Growth	\$24.99	\$33.0	20.4%	29.8%	24.8%	na
SAFECO/Spinnaker Plus/Growth	\$24.99	\$ 4.9	20.4%	29.8%	24.8%	na
SAFECO/Spinnaker/Growth	\$24.85	\$25.6	20.3%	29.6%	24.5%	na
SAFECO/Mainsail/Growth	\$24.85	\$ 0.9	20.3%	29.6%	24.5%	na
Security Benefit/Variflex/Growth	\$43.54	\$600.0	15.3%	22.1%	15.9%	15.3%
Security Benefit/Variflex LS/Growth	\$15.20	\$ 21.0	15.2%	21.8%	15.7%	15.1%
United Companies/SpectraDirect/Alger American	\$10.87	\$ 1.7	na	-10.6%	11.8%	12.6%
WM Life/Composite/Growth & Income	\$34.96	\$35.3	12.6%	19.8%	16.2%	9.5%

na=data not available

Variable Annuities Update

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

Contract Fee	Admin. Fee	Mortality+ Expenses	Mgt. Fee	Other	Total	Insurance Company/Contract/Fund Name
na	.15%	1.25%	.61%	.11%	2.12%	Ameritas Variable/Overture III+/Fidelity Contrafund
\$30	.15%	1.25%	.50%	.11%	2.01%	Cova Financial Svcs/Variable Annuity/Stock Index
\$35	.10%	1.25%	.62%	.05%	2.02%	Fortis Benefits/Opportunity/Growth
\$0	.10%	1.25%	.70%	.11%	2.16%	Fortis Benefits/Masters/Aggressive Growth
\$35	.15%	1.25%	.98%	.15%	2.53%	Jackson National/Perspective/Alger Growth
\$30	na	1.45%	.50%	na	1.95%	Manulife Financial/Lifestyle/Emerging Growth
\$30	.05%	1.25%	.61%	.09%	2.00%	Nationwide/Best of America IV/Fidelity Growth
\$0	.15%	1.25%	.61%	.09%	2.10%	Nationwide/America's Vision/Fidelity Growth
\$30	.25%	.85%	.58%	.17%	1.85%	Ohio National/TOP Annuity/Equity
\$0	.25%	.65%	.58%	.17%	1.65%	Ohio National/TOP Annuity/Equity
na	na	1.25%	.80%	-	2.05%	Phoenix Home Life/Big Edge Choice/Growth
\$30	0.0%	1.25%	.50%	.08%	1.83%	Principal Mutual/Variable Annuity/Growth
\$30	.15%	1.25%	.61%	.09%	2.10%	Provident Mutual/VIP 2/Fidelity VIP Growth
\$30	-	1.20%	.45%	.03%	1.68%	Prudential/Discovery Plus/Equity
\$0	-	1.40%	.45%	.03%	1.88%	Prudential/Discovery Preferred/Equity
\$30	-	1.20%	.45%	.03%	1.68%	Prudential/Variable Investment Plan/Equity
\$30	0.0%	1.25%	.72%	0.07%	2.04%	SAFECO/Variable Account B/Growth
\$0	0.0%	1.25%	.72%	0.07%	2.04%	SAFECO/Spinnaker Plus/Growth
\$30	.15%	1.25%	.72%	0.07%	2.19%	SAFECO/Spinnaker/Growth
\$30	.15%	1.25%	.72%	0.07%	2.19%	SAFECO/Mainsail/Growth
\$30	0.0%	1.20%	.75%	.08%	2.03%	Security Benefit/Variflex/Growth
\$0	0.15%	1.25%	.75%	.08%	2.23%	Security Benefit/Variflex LS/Growth
\$30	.15%	1.52%	.75%	.10%	2.52%	United Companies/SpectraDirect/Alger American
\$30	0.0%	1.20%	.50%	.11%	1.81%	WM Life/Composite/Growth & Income

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 9/30/96			
			YTD	1 Yr	3 Yr	5 Yr
Ameritas Variable/Overture III+/Fidelity Equity Income	\$19.61	\$ 6.7	6.0%	12.2%	14.7%	16.0%
Cova Financial Svcs/Variable Annuity/Growth & Income	\$23.33	\$270.7	9.9%	14.7%	13.3%	14.6%
Fortis Benefits/Opportunity/Asset Allocation	\$2.29	\$159.3	7.4%	8.3%	8.8%	9.4%
Fortis Benefits/Masters/Growth & Income	\$14.22	\$42.3	10.2%	17.5%	na	na
Jackson National/Perspective/Mid Cap Growth	\$14.61	\$30.4	9.3%	15.4%	na	na
Nationwide/Best of America IV/Equity-Income	\$26.38	\$1,152.7	6.1%	12.3%	14.8%	16.1%
Nationwide/America's Vision/Equity-Income	\$15.20	\$541.0	6.0%	12.2%	14.7%	16.0%
Ohio National/TOP Annuity/OMNI	\$31.84	\$71.9	8.4%	11.5%	8.6%	10.5%
Ohio National/TOP Plus Annuity/OMNI	\$13.22	\$10.3	8.7%	11.9%	8.9%	10.8%
Phoenix Home Life/Big Edge Choice/Total Return	\$ 1.10	\$ 11.4	na	8.3%	6.5%	9.0%
Principal Mutual/Variable Annuity/Balanced	\$13.04	\$58.4	na	11.7%	9.0%	10.9%
Provident Mutual/VIP 2/Fidelity Equity-Income	\$753.83	\$48.9	7.8%	11.9%	14.4%	15.8%
Prudential/Discovery Plus/Equity-Income	\$2.76	\$597.7	10.0%	9.9%	10.2%	12.9%
Prudential/Discovery Preferred/Equity-Income	\$1.12	\$17.6	9.0%	na	na	na
Prudential/Variable Investment Plan/Equity-Income	\$2.76	\$262.7	10.0%	9.6%	10.2%	12.7%
SAFECO/Variable Account B/Equity	\$36.67	\$110.0	13.5%	17.7%	17.7%	16.9%
SAFECO/Spinnaker Plus/Equity	\$ 36.67	\$ 8.8	13.5%	17.7%	17.7%	16.9%
SAFECO/Spinnaker/Equity	\$ 36.51	\$ 31.9	13.3%	17.6%	17.5%	15.7%
SAFECO/Mainsail/Equity	\$36.51	\$ 1.0	13.3%	17.6%	17.5%	15.7%
Security Benefit/Variflex/Equity-Income	\$12.88	\$30.0	10.8%	19.7%	na	na
Security Benefit/Variflex LS/Equity-Income	\$12.84	\$19.0	10.6%	19.6%	na	na
United Companies/SpectraDirect/Total Return	\$10.94	\$ 0.9	na	1.6%	na	na

na=data not available

Variable Annuities Update

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

Contract Fee	Admin. Fee	Mortality+ Expenses	Mgt. Fee	Other	Total	Insurance Company/Contract/Fund Name
na	.15%	1.25%	.51%	.10%	2.01%	Ameritas Variable/Overture III+/Fidelity Equity Income
\$30	.15%	1.25%	.50%	.09%	1.99%	Cova Financial Svcs/Variable Annuity/Growth & Income
\$35	.10%	1.25%	.49%	.06%	1.90%	Fortis Benefits/Opportunity/Asset Allocation
\$0	.10%	1.25%	.70%	.11%	2.16%	Fortis Benefits/Masters/Growth & Income
\$35	.15%	1.25%	.95%	.15%	2.50%	Jackson National/Perspective/Mid Cap Growth
\$30	.05%	1.25%	.51%	.10%	1.91%	Nationwide/Best of America IV/Equity-Income
\$0	.15%	1.25%	.51%	.10%	2.01%	Nationwide/America's Vision/Equity-Income
\$30	.25%	.85%	.60%	.18%	1.88%	Ohio National/TOP Annuity/OMNI
\$0	.25%	.65%	.60%	.18%	1.68%	Ohio National/TOP Plus Annuity/OMNI
na	na	1.25%	.75%	-	1.92%	Phoenix Home Life/Big Edge Choice/Total Return
\$30	na	1.25%	.75%	.20%	2.20%	Principal Mutual/Variable Annuity/Balanced
\$30	.15%	1.25%	.52%	.09%	2.01%	Provident Mutual/VIP 2/Fidelity Equity-Income
\$30	-	1.20%	.40%	.03%	1.63%	Prudential/Discovery Plus/Equity-Income
\$0	-	1.40%	.40%	.03%	1.83%	Prudential/Discovery Preferred/Equity-Income
\$30	-	1.20%	.40%	.03%	1.63%	Prudential/Variable Investment Plan/Equity-Income
\$30	0.0%	1.25%	.72%	.03%	2.00%	SAFECO/Variable Account B/Equity
\$0	0.0%	1.25%	.72%	.03%	2.00%	SAFECO/Spinnaker Plus/Equity
\$30	.15%	1.25%	.72%	.03%	2.15%	SAFECO/Spinnaker/Equity
\$30	.15%	1.25%	.72%	.03%	2.15%	SAFECO/Mainsail/Equity
\$0	-	1.20%	1.00%	.40%	2.60%	Security Benefit/Variflex/Equity-Income
\$0	.15%	1.25%	1.00%	.40%	2.80%	Security Benefit/Variflex LS/Equity-Income
\$30	.15%	1.52%	.75%	.25%	2.67%	United Companies/SpectraDirect/Total Return

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 9/30/96			
			YTD	1 Yr	3 Yr	5 Yr
Ameritas Variable/Overture III+/Fidelity Overseas	\$17.89	\$1.7	7.0%	8.8%	7.0%	6.7%
Fortis Benefits/Opportunity/Global Growth	\$18.48	\$112.2	17.3%	15.7%	13.9%	na
Fortis Benefits/Masters/International Stock	\$11.98	\$16.8	6.2%	7.9%	na	na
Jackson National/Perspective/International Equity	\$11.71	\$16.6	0.8%	3.4%	na	na
Manulife Financial/Lifestyle/International	\$11.26	\$ 6.5	5.9%	10.2%	na	na
Nationwide/Best of America IV/Global Securities	\$12.62	\$159.2	10.6%	6.2%	8.4%	9.9%
Nationwide/America's Vision/Global Securities Fund	\$11.59	\$110.1	10.6%	6.1%	8.2%	9.8%
Ohio National/TOP Annuity/International	\$16.12	\$54.0	9.5%	11.8%	12.2%	na
Ohio National/TOP Plus Annuity/International	\$14.16	\$17.3	9.8%	12.2%	12.6%	na
Phoenix Home Life/Big Edge Choice/International	\$ 1.13	\$ 2.5	na	10.1%	10.5%	7.0%
Principal Mutual/Variable Annuity/World	\$12.24	\$56.0	na	14.7%	na	na
Provident Mutual/VIP 2/Mkt. St. International	\$627.03	\$17.0	6.8%	8.0%	7.6%	na
Prudential/Discovery Plus/Global Portfolio	\$1.72	\$228.2	13.0%	9.5%	10.3%	10.5%
Prudential/Discovery Preferred/Global Portfolio	\$1.13	\$ 9.3	11.9%	na	na	na
Prudential/Variable Investment Plan/Global Portfolio	\$1.72	\$121.5	13.0%	9.2%	10.3%	10.2%
SAFECO/Variable Account B/International	\$12.49	\$10.6	8.2%	7.9%	7.8%	8.7%
SAFECO/Spinnaker Plus/International	\$12.49	\$ 1.9	8.2%	7.9%	7.8%	8.7%
SAFECO/Spinnaker/International	\$12.44	\$ 6.1	8.1%	7.7%	7.7%	8.6%
SAFECO/Mainsail/TCI International	\$5.70	\$ 0.1	6.9%	9.6%	na	na
Security Benefit/Variflex/Worldwide Equity	\$14.15	\$218.0	13.1%	16.6%	9.9%	9.8%
Security Benefit/Variflex LS/Worldwide Equity	\$12.91	\$11.0	13.1%	16.4%	9.7%	9.6%
United Companies/SpectraDirect/International	\$10.91	\$ 0.6	na	-2.7%	6.3%	6.8%

na=data not available

Variable Annuities Update

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

Contract Fee	Admin. Fee	Mortality+ Expenses	Mgt. Fee	Other	Total	Insurance Company/Contract/Fund Name
na	.15%	1.25%	.76%	.15%	2.31%	Ameritas Variable/Overture III+/Fidelity Overseas
\$35	.10%	1.25%	.70%	.10%	2.15%	Fortis Benefits/Opportunity/Global Growth
\$0	.10%	1.25%	.85%	.29%	2.49%	Fortis Benefits/Masters/International Stock
\$35	.15%	1.25%	1.10%	.15%	2.65%	Jackson National/Perspective/International Equity
\$30	na	1.45%	1.35%	na	2.80%	Manulife Financial/Lifestyle/International
\$30	.05%	1.25%	.74%	.15%	2.19%	Nationwide/Best of America IV/Global Securities
\$0	.15%	1.25%	.74%	.15%	2.29%	Nationwide/America's Vision/Global Securities Fund
\$30	.25%	.85%	.90%	.15%	2.15%	Ohio National/TOP Annuity/International
\$0	.25%	.65%	.60%	.18%	1.68%	Ohio National/TOP Plus Annuity/International
na	na	1.25%	1.10%	-	2.35%	Phoenix Home Life/Big Edge Choice/International
\$30	0.0%	1.25%	.75%	.20%	2.20%	Principal Mutual/Variable Annuity/World
\$30	.15%	1.25%	.75%	.40%	2.55%	Provident Mutual/VIP 2/Mkt. St. International
\$30	-	1.20%	.75%	.31%	2.26%	Prudential/Discovery Plus/Global Portfolio
\$0	-	1.40%	.75%	.31%	2.46%	Prudential/Discovery Preferred/Global Portfolio
\$30	-	1.20%	.75%	.31%	2.26%	Prudential/Variable Investment Plan/Global Portfolio
\$30	0.0%	1.25%	.88%	.21%	2.34%	SAFECO/Variable Account B/International
\$0	0.0%	1.25%	.88%	.21%	2.34%	SAFECO/Spinnaker Plus/International
\$30	.15%	1.25%	.88%	0.0%	2.28%	SAFECO/Spinnaker/International
\$30	.15%	1.25%	1.50%	0.0%	2.90%	SAFECO/Mainsail/TCI International
\$30	0.0%	1.20%	1.00%	.31%	2.51%	Security Benefit/Variflex/Worldwide Equity
\$0	0.15%	1.25%	1.00%	.31%	2.71%	Security Benefit/Variflex LS/Worldwide Equity
\$30	.15%	1.52%	.88%	.21%	2.76%	United Companies/SpectraDirect/International

na=data not available

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 9/30/96			
			YTD	1 Yr	3 Yr	5 Yr
Ameritas Variable/Overture III+/Emerging Growth	\$13.50	\$ 4.5	17.8%	26.7%	na	na
Ameritas Variable/Overture III+/Alger Small Cap	\$42.36	\$ 4.9	7.1%	-1.8%	13.7%	14.3%
Fortis Benefits/Opportunity/Blue Chip Stock	\$10.80	\$ 2.7	8.0%	na	na	na
Fortis Benefits/Opportunity/U.S. Government	\$15.55	\$53.7	-1.6%	2.8%	2.0%	4.6%
Fortis Benefits/Opportunity/High Yield	\$11.84	\$ 15.5	8.2%	12.5%	na	na
Fortis Benefits/Opportunity/Global Asset Allocation	\$12.27	\$14.0	5.8%	7.6%	na	na
Fortis Benefits/Opportunity/Aggressive Growth	\$14.91	\$ 40.7	19.6%	17.4%	na	na
Fortis Benefits/Opportunity/Growth & Income	\$14.22	\$ 58.9	10.2%	17.5%	na	na
Fortis Benefits/Opportunity/International Stock	\$11.98	\$ 16.9	6.2%	7.9%	na	na
Fortis Benefits/Opportunity/Global Bond	\$11.63	\$ 5.3	-1.0%	3.4%	na	na
Fortis Benefits/Opportunity/Value Series	\$10.42	\$ 2.9	4.2%	na	na	na
Fortis Benefits/Opportunity/S&P 500 Index	\$10.52	\$ 4.0	5.2%	na	na	na
Fortis Benefits/Masters/U.S. Government	\$15.55	\$101.0	-1.6%	2.8%	2.0%	4.6%
Fortis Benefits/Masters/Dividend Income	\$1.75	\$60.9	-0.1%	3.8%	3.1%	5.9%
Fortis Benefits/Masters/Asset Allocation	\$2.29	\$196.0	7.4%	8.3%	8.8%	9.4%
Fortis Benefits/Masters/Growth	\$2.94	\$255.9	13.8%	9.9%	11.1%	11.8%
Fortis Benefits/Masters/Global Growth	\$18.48	\$131.4	17.3%	15.7%	13.9%	na
Fortis Benefits/Masters/Global Asset Allocation	\$12.27	\$12.0	5.8%	7.6%	na	na
Fortis Benefits/Masters/Global Bond	\$11.63	\$ 6.9	-1.0%	3.4%	na	na
Fortis Benefits/Masters/Value Series	\$10.42	\$ 3.8	4.2%	na	na	na
Fortis Benefits/Masters/S&P500 Index	\$10.52	\$ 3.8	5.2%	na	na	na
Fortis Benefits/Masters/Blue Chip Stock	\$10.80	\$ 3.0	8.0%	na	na	na
Jackson National/Perspective/Aggressive Growth	\$14.12	\$17.9	9.1%	10.8%	na	na
Jackson National/Perspective/Value Equity	\$13.54	\$ 10.2	5.1%	13.4%	na	na
Jackson National/Perspective/Global Equities	\$15.61	\$23.7	14.5%	22.1%	na	na
Jackson National/Perspective/Capital Growth	\$15.30	\$ 23.1	13.8%	22.3%	na	na
Jackson National/Perspective/U.S. Govt. & Quality Bond	\$10.31	\$ 6.2	-8.2%	-4.5%	na	na
Jackson National/Perspective/Phoenix Growth	\$14.09	\$ 13.0	13.4%	19.5%	na	na
Jackson National/Perspective/Phoenix Balanced	\$11.75	\$ 17.1	-2.2%	4.3%	na	na
Jackson National/Perspective/Established Growth	\$12.42	\$ 19.1	6.9%	10.7%	na	na
Jackson National/Perspective/Global Bond	\$11.25	\$ 6.0	2.9%	7.6%	na	na
Jackson National/Perspective/Mid-Cap Growth	\$14.61	\$30.4	9.3%	15.4%	na	na

na=data not available

Variable Annuities Update

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

Contract Fee	Admin. Fee	Mortality+ Expenses	Mgt. Fee	Other	Total	Insurance Company/Contract/Fund Name
na	.15%	1.25%	.75%	.25%	2.40%	Ameritas Variable/Overture III+/Emerging Growth
na	.15%	1.25%	.85%	.07%	2.32%	Ameritas Variable/Overture III+/Alger Small Cap
\$35	.10%	1.25%	.85%	.16%	2.36%	Fortis Benefits/Opportunity/Blue Chip Stock
\$35	.10%	1.25%	.46%	.07%	1.88%	Fortis Benefits/Opportunity/U.S. Government
\$35	.10%	1.25%	.50%	.13%	1.98%	Fortis Benefits/Opportunity/High Yield
\$35	.10%	1.25%	.90%	.37%	2.62%	Fortis Benefits/Opportunity/Global Asset Allocation
\$35	.10%	1.25%	.70%	.11%	2.16%	Fortis Benefits/Opportunity/Aggressive Growth
\$35	.10%	1.25%	.70%	.11%	2.16%	Fortis Benefits/Opportunity/Growth & Income
\$35	.10%	1.25%	.85%	.29%	2.49%	Fortis Benefits/Opportunity/International Stock
\$35	.10%	1.25%	.75%	.53%	2.63%	Fortis Benefits/Opportunity/Global Bond
\$35	.10%	1.25%	.70%	.16%	2.21%	Fortis Benefits/Opportunity/Value Series
\$35	.10%	1.25%	.40%	.16%	1.91%	Fortis Benefits/Opportunity/S&P 500 Index
\$0	.10%	1.25%	.46%	.07%	1.88%	Fortis Benefits/Masters/U.S. Government
\$0	.10%	1.25%	.47%	.08%	1.90%	Fortis Benefits/Masters/Dividend Income
\$0	.10%	1.25%	.49%	.06%	1.90%	Fortis Benefits/Masters/Asset Allocation
\$0	.10%	1.25%	.62%	.05%	2.02%	Fortis Benefits/Masters/Growth
\$0	.10%	1.25%	.70%	.10%	2.15%	Fortis Benefits/Masters/Global Growth
\$0	.10%	1.25%	.90%	.37%	2.62%	Fortis Benefits/Masters/Global Asset Allocation
\$0	.10%	1.25%	.75%	.53%	2.63%	Fortis Benefits/Masters/Global Bond
\$0	.10%	1.25%	.70%	.16%	2.21%	Fortis Benefits/Masters/Value Series
\$0	.10%	1.25%	.40%	.16%	1.91%	Fortis Benefits/Masters/S&P 500 Index
\$0	.10%	1.25%	.85%	.16%	2.36%	Fortis Benefits/Masters/Blue Chip Stock
\$35	.15%	1.25%	.95%	.15%	2.50%	Jackson National/Perspective/Aggressive Growth
\$35	.15%	1.25%	.75%	.15%	2.30%	Jackson National/Perspective/Value Equity
\$35	.15%	1.25%	1.00%	.15%	2.55%	Jackson National/Perspective/Global Equities
\$35	.15%	1.25%	.95%	.15%	2.50%	Jackson National/Perspective/Capital Growth
\$35	.15%	1.25%	.70%	.15%	2.25%	Jackson National/Perspective/U.S. Govt. & Quality Bond
\$35	.15%	1.25%	.90%	.15%	2.45%	Jackson National/Perspective/Phoenix Growth
\$35	.15%	1.25%	.90%	.15%	2.45%	Jackson National/Perspective/Phoenix Balanced
\$35	.15%	1.25%	.85%	.15%	2.40%	Jackson National/Perspective/Established Growth
\$35	.15%	1.25%	.85%	.15%	2.40%	Jackson National/Perspective/Global Bond
\$35	.15%	1.25%	.90%	.15%	2.45%	Jackson National/Perspective/Mid-Cap Growth

Variable Annuities Update

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

Insurance Company/Contract/Fund Name	Accum.	VA	Performance Returns thru 9/30/96			
	Unit Value	Assets \$ Mil	YTD	1 Yr	3 Yr	5 Yr
Manulife Financial/Lifestyle/Real Estate Securities	\$28.08	\$31.6	12.0%	15.4%	7.4%	15.9%
Manulife Financial/Lifestyle/Common Stock	\$28.47	\$32.3	11.5%	18.8%	12.0%	12.5%
Manulife Financial/Lifestyle/Pacific Rim Emerging Markets	\$11.16	\$ 6.0	8.3%	13.1%	na	na
Nationwide/Best of America IV/Total Return Fund	\$58.01	\$368.1	11.2%	15.7%	12.4%	12.8%
Nationwide/Best of America IV/Stock Index Fund	\$15.27	\$183.8	12.1%	18.3%	15.4%	13.2%
Nationwide/America's Vision/Stock Index Fund	\$15.18	\$166.8	12.0%	18.1%	15.3%	13.1%
Nationwide/America's Vision/Total Return Fund	\$14.23	\$131.1	11.2%	15.6%	12.3%	12.7%
Ohio National/Top/Capital Appreciation	\$12.42	\$ 7.7	9.2%	12.2%	na	na
Ohio National/Top/Small Cap	\$13.93	\$ 7.0	14.1%	14.6%	na	na
Ohio National/Top/Global Contrarian	\$10.94	\$ 1.1	7.9%	8.9%	na	na
Ohio National/Top/Aggressive Growth	\$10.10	\$ 1.5	-3.9%	-0.3%	na	na
Ohio National/Top Plus/Capital Appreciation	\$13.82	\$ 7.7	9.2%	12.6%	na	na
Ohio National/Top Plus/Small Cap	\$18.17	\$ 9.0	14.4%	14.9%	na	na
Ohio National/Top Plus/Global Contrarian	\$11.70	\$ 3.4	8.2%	9.3%	na	na
Ohio National/Top Plus/Aggressive Growth	\$12.14	\$ 2.2	-3.7%	0.0%	na	na
Phoenix Mutual/Big Edge Choice/Balanced	\$1.09	\$ 4.9	na	9.2%	6.9%	na
Principal Mutual/Variable Annuity/Aggressive Growth	\$16.97	\$64.7	na	23.0%	na	na
Principal Mutual/Variable Annuity/Capital Accumulation	\$15.13	\$90.7	na	21.0%	14.4%	13.2%
Principal Mutual/Variable Annuity/Gov't Securities	\$11.62	\$63.3	na	2.9%	3.1%	5.9%
Principal Mutual/Variable Annuity/Asset Allocation	\$12.64	\$28.1	na	9.5%	10.6%	na
Principal Mutual/Variable Annuity/Emerging Growth	\$14.52	\$100.6	na	15.2%	14.5%	16.9%
Prudential/Discovery Plus/Flexible Managed	\$3.73	\$530.3	8.4%	11.5%	8.2%	10.6%
Prudential/Discovery Plus/Conservative Balanced	\$3.26	\$989.4	6.8%	8.7%	6.4%	8.2%
Prudential/Discovery Preferred/Conservative Balanced	\$1.09	\$55.3	5.8%	na	na	na
Prudential/Discovery Preferred/Flexible Managed	\$1.10	\$29.5	7.4%	na	na	na
Prudential/Variable Investment/Conservative Balanced	\$3.26	\$1,310	6.8%	8.4%	6.4%	7.9%
Prudential/Variable Investment/Flexible Managed	\$3.73	\$1,225	8.4%	11.2%	8.2%	10.3%
SAFECO/Variable Account B/Balanced	\$13.61	\$ 5.0	8.0%	12.2%	9.7%	9.6%
SAFECO/Variable Account B/Northwest	\$11.77	\$ 2.1	9.2%	-0.1%	6.5%	na
SAFECO/Spinnaker Plus/Balanced	\$13.61	\$ 1.7	8.0%	12.2%	9.7%	9.6%
SAFECO/Spinnaker Plus/Northwest	\$11.77	\$ 0.5	9.2%	-0.1%	6.5%	na
SAFECO/Spinnaker Plus/Utility Fund II	\$11.06	\$ 0.2	0.7%	6.2%	na	na
SAFECO/Spinnaker Plus/High Income Bond Fund II	\$10.51	\$ 0.1	8.3%	11.6%	na	na

na=data not available

Variable Annuities Update

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

Contract Fee	Admin. Fee	Mortality+ Expenses	Mgt. Fee	Other	Total	Insurance Company/Contract/Fund Name
\$30	na	1.45%	.50%	na	1.95%	Manulife Financial/Lifestyle/Real Estate Securities
\$30	na	1.45%	.50%	na	1.95%	Manulife Financial/Lifestyle/Common Stock
\$30	na	1.45%	1.50%	0.0%	2.95%	Manulife Financial/Lifestyle/Pacific Rim Emerging Markets
\$30	.05%	1.25%	.50%	.01%	1.81%	Nationwide/Best of America IV/Total Return Fund
\$30	.05%	1.25%	.27%	.12%	1.69%	Nationwide/Best of America IV/Stock Index Fund
\$0	.15%	1.25%	.27%	.12%	1.79%	Nationwide/America's Vision/Stock Index Fund
\$0	.15%	1.25%	.50%	.01%	1.81%	Nationwide/America's Vision/Total Return Fund
\$30	.25%	.85%	.80%	.13%	2.03%	Ohio National/Top/Capital Appreciation
\$30	.25%	.85%	.80%	.12%	2.02%	Ohio National/Top/Small Cap
\$30	.25%	.85%	.90%	.40%	2.40%	Ohio National/Top/Global Contrarian
\$0	.25%	.65%	.80%	.25%	1.95%	Ohio National/Top/Aggressive Growth
\$0	.25%	.65%	.80%	.13%	1.83%	Ohio National/Top Plus/Capital Appreciation
\$0	.25%	.65%	.80%	.12%	1.82%	Ohio National/Top Plus/Small Cap
\$0	.25%	.65%	.90%	.40%	2.20%	Ohio National/Top Plus/Global Contrarian
\$0	.25%	.65%	.80%	.25%	1.95%	Ohio National/Top Plus/Aggressive Growth
na	na	1.25%	.70%	-	1.95%	Phoenix Mutual/Big Edge Choice/Balanced
\$30	0.0%	1.25%	.80%	.10%	2.15%	Principal Mutual/Variable Annuity/Aggressive Growth
\$30	0.0%	1.25%	.49%	.02%	1.76%	Principal Mutual/Variable Annuity/Capital Accumulation
\$30	0.0%	1.25%	.50%	.05%	1.80%	Principal Mutual/Variable Annuity/Gov't Securities
\$30	0.0%	1.25%	.80%	.09%	2.14%	Principal Mutual/Variable Annuity/Asset Allocation
\$30	0.0%	1.25%	.65%	.05%	1.95%	Principal Mutual/Variable Annuity/Emerging Growth
\$30	-	1.20%	.60%	.03%	1.83%	Prudential/Discovery Plus/Flexible Managed
\$30	-	1.20%	.55%	.03%	1.78%	Prudential/Discovery Plus/Conservative Balanced
\$0	-	1.40%	.55%	.03%	1.98%	Prudential/Discovery Preferred/Conservative Balanced
\$0	-	1.40%	.60%	.03%	2.03%	Prudential/Discovery Preferred/Flexible Managed
\$30	-	1.20%	.55%	.03%	1.78%	Prudential/Variable Investment/Conservative Balanced
\$30	-	1.20%	.60%	.03%	1.83%	Prudential/Variable Investment/Flexible Managed
\$30	0.0%	1.25%	.48%	.18%	1.91%	SAFECO/Variable Account B/Balanced
\$30	0.0%	1.25%	.71%	0.0%	1.96%	SAFECO/Variable Account B/Northwest
\$0	0.0%	1.25%	.48%	.18%	1.91%	SAFECO/Spinnaker Plus/Balanced
\$0	0.0%	1.25%	.71%	0.0%	1.96%	SAFECO/Spinnaker Plus/Northwest
\$0	0.0%	1.25%	0.0%	.85%	2.10%	SAFECO/Spinnaker Plus/Utility Fund II
\$0	0.0%	1.25%	0.0%	.80%	2.05%	SAFECO/Spinnaker Plus/High Income Bond Fund II

na=data not available

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 9/30/96			
			YTD	1 Yr	3 Yr	5 Yr
SAFECO/Spinnaker Plus/International Equity Fund II	\$10.76	\$ 0.1	3.8%	5.5%	na	na
SAFECO/Spinnaker Plus/Emerging Markets	\$10.22	\$ 1.0	8.4%	4.9%	na	na
SAFECO/Spinnaker Plus/Natural Resources	\$12.69	\$ 0.2	12.1%	15.7%	5.0%	na
SAFECO/Spinnaker/Balanced	\$13.47	\$ 8.0	7.9%	12.1%	9.4%	9.3%
SAFECO/Spinnaker/Northwest	\$11.71	\$ 1.4	9.1%	-0.8%	6.4%	na
SAFECO/Spinnaker/Utility Fund II	\$11.07	\$ 0.4	0.4%	5.9%	na	na
SAFECO/Spinnaker/High Income Bond Fund II	\$10.48	\$ 0.2	7.5%	10.7%	na	na
SAFECO/Spinnaker/International Equity Fund II	\$10.77	\$ 0.2	3.9%	5.6%	na	na
SAFECO/Spinnaker/Emerging Markets	\$10.20	\$ 0.5	8.3%	4.7%	na	na
SAFECO/Spinnaker/Natural Resources	\$12.68	\$ 0.4	12.1%	15.6%	4.9%	na
SAFECO/Mainsail/TCI Balanced	\$7.63	\$ 0.1	8.2%	9.9%	7.8%	na
SAFECO/Mainsail/Northwest	\$11.71	\$ 0.1	9.1%	-0.8%	6.4%	na
SAFECO/Mainsail/Utility Fund II	\$11.07	\$ 0.1	0.4%	5.9%	na	na
SAFECO/Mainsail/High Income Bond Fund II	\$10.48	\$ 0.1	7.5%	10.7%	na	na
SAFECO/Mainsail/Emerging Markets	\$10.20	\$ 0.1	8.3%	4.7%	na	na
SAFECO/Mainsail/Natural Resources	\$12.67	\$ 0.1	12.1%	15.6%	4.9%	na
SAFECO/Mainsail/U.S. Small Cap Advisor	\$15.61	\$ 0.3	34.5%	28.9%	na	na
Security Benefit/Variflex/Emerging Growth	\$18.19	\$149.0	17.7%	14.3%	10.0%	na
Security Benefit/Variflex/Social Awareness	\$19.02	\$51.0	19.1%	20.9%	13.2%	13.1%
Security Benefit/Variflex/Specialized Asset Allocation	\$11.42	\$19.0	7.3%	9.3%	na	na
Security Benefit/Variflex/Growth-Income	\$45.26	\$906.0	13.5%	18.6%	11.8%	11.3%
Security Benefit/Variflex/Global Aggressive Bond	\$11.57	\$ 6.0	8.2%	12.1%	na	na
Security Benefit/Variflex/Managed Asset Allocation	\$11.27	\$13.0	5.7%	8.4%	na	na
Security Benefit/Variflex LS/Emerging Growth	\$13.97	\$ 9.0	17.5%	14.0%	9.8%	na
Security Benefit/Variflex LS/Social Awareness	\$14.94	\$ 2.0	19.0%	20.8%	13.0%	12.9%
Security Benefit/Variflex LS/Specialized Asset Allocation	\$11.39	\$14.0	7.3%	9.1%	na	na
Security Benefit/Variflex LS/Growth-Income	\$14.39	\$16.0	13.3%	21.8%	15.7%	15.1%
Security Benefit/Variflex LS/Global Aggressive Bond	\$11.54	\$ 3.0	8.2%	11.9%	na	na
Security Benefit/Variflex LS/Managed Asset Allocation	\$11.24	\$ 7.0	5.6%	8.2%	na	na
United Companies/SpectraDirect/Emerging Growth	\$11.98	\$ 1.6	na	12.6%	na	na
United Companies/SpectraDirect/Utility Fund II	\$10.34	\$ 0.3	na	-2.6%	na	na
United Companies/SpectraDirect/U.S. Gov't Securities II	\$10.15	\$ 0.1	na	-11.3%	na	na
United Companies/SpectraDirect/Stock Index	\$11.35	\$ 1.2	na	12.5%	4.7%	4.2%
United Companies/SpectraDirect/Gold & Natural Resources	\$11.02	\$ 0.1	na	-0.9%	10.1%	11.0%
United Companies/SpectraDirect/Growth & Income	\$12.32	\$ 0.9	na	10.9%	na	na
WM Life/Composite/Northwest Fund	\$21.03	\$ 10.6	10.9%	10.6%	13.0%	na

na=data not available

Variable Annuities Update

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

Contract Fee	Admin. Fee	Mortality+ Expenses	Mgt. Fee	Other	Total	Insurance Company/Contract/Fund Name
\$0	0.0%	1.25%	0.0%	1.25%	2.50%	SAFECO/Spinnaker Plus/International Equity Fund II
\$0	0.0%	1.25%	.85%	.47%	2.57%	SAFECO/Spinnaker Plus/Emerging Markets
\$0	0.0%	1.25%	1.00%	.47%	2.72%	SAFECO/Spinnaker Plus/Natural Resources
\$30	.15%	1.25%	.48%	0.0%	1.88%	SAFECO/Spinnaker/Balanced
\$30	.15%	1.25%	.71%	0.0%	2.11%	SAFECO/Spinnaker/Northwest
\$30	.15%	1.25%	0.0%	.85%	2.25%	SAFECO/Spinnaker/Utility Fund II
\$30	.15%	1.25%	0.0%	.80%	2.20%	SAFECO/Spinnaker/High Income Bond Fund II
\$30	.15%	1.25%	0.0%	1.25%	2.65%	SAFECO/Spinnaker/International Equity Fund II
\$30	.15%	1.25%	.85%	.47%	2.72%	SAFECO/Spinnaker/Emerging Markets
\$30	.15%	1.25%	1.00%	.47%	2.87%	SAFECO/Spinnaker/Natural Resources
\$30	.15%	1.25%	1.00%	0.0%	2.40%	SAFECO/Mainsail/TCI Balanced
\$30	.15%	1.25%	.71%	0.0%	2.11%	SAFECO/Mainsail/Northwest
\$30	.15%	1.25%	0.0%	.85%	2.25%	SAFECO/Mainsail/Utility Fund II
\$30	.15%	1.25%	0.0%	.80%	2.20%	SAFECO/Mainsail/High Income Bond Fund II
\$30	.15%	1.25%	.85%	.47%	2.72%	SAFECO/Mainsail/Emerging Markets
\$30	.15%	1.25%	1.00%	.47%	2.87%	SAFECO/Mainsail/Natural Resources
\$30	.15%	1.25%	1.00%	.35%	2.75%	SAFECO/Mainsail/U.S. Small Cap Advisor
\$30	0.0%	1.20%	.75%	.09%	2.04%	Security Benefit/Variflex/Emerging Growth
\$30	0.0%	1.20%	.75%	.11%	2.06%	Security Benefit/Variflex/Social Awareness
\$30	.15%	1.25%	1.00%	.94%	3.34%	Security Benefit/Variflex/Specialized Asset Allocation
\$30	0.0%	1.20%	.75%	.08%	2.03%	Security Benefit/Variflex/Growth-Income
\$30	0.0%	1.20%	1.00%	.90%	3.10%	Security Benefit/Variflex/Global Aggressive Bond
\$30	0.0%	1.20%	1.00%	.90%	3.10%	Security Benefit/Variflex/Managed Asset Allocation
\$0	0.15%	1.25%	.75%	.09%	2.24%	Security Benefit/Variflex LS/Emerging Growth
\$0	0.15%	1.25%	.75%	.11%	2.26%	Security Benefit/Variflex LS/Social Awareness
\$30	.15%	1.25%	1.00%	.94%	3.34%	Security Benefit/Variflex LS/Specialized Asset Allocation
\$0	0.15%	1.25%	.75%	.07%	2.23%	Security Benefit/Variflex LS/Growth-Income
\$0	0.15%	1.25%	0.0%	.88%	2.68%	Security Benefit/Variflex LS/Global Aggressive Bond
\$0	0.15%	1.25%	1.00%	.90%	3.30%	Security Benefit/Variflex LS/Managed Asset Allocation
\$30	.15%	1.52%	.75%	.25%	2.67%	United Companies/SpectraDirect/Emerging Growth
\$30	.15%	1.52%	0.0%	.85%	2.52%	United Companies/SpectraDirect/Utility Fund II
\$30	.15%	1.52%	0.0%	.80%	2.47%	United Companies/SpectraDirect/U.S. Gov't Securities II
\$30	.15%	1.52%	.27%	.12%	2.06%	United Companies/SpectraDirect/Stock Index
\$30	.15%	1.52%	1.00%	.21%	2.88%	United Companies/SpectraDirect/Gold & Natural Resources
\$30	.15%	1.52%	.72%	.20%	2.59%	United Companies/SpectraDirect/Growth & Income
\$30	0.0%	1.20%	.50%	.27%	1.97%	WM Life/Composite/Northwest Fund

na=data not available

Life Insurance Update

Yearly renewable term life insurance 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.

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.

Yearly Renewable Term premiums are priced according to several methods. One, called Select and Ultimate, sets rates more favorably during the first few years, but tends to raise them more rapidly in later years. Another, known as Attained Life, fixes premiums according to the risk of a person's age and rate group (smoker, nonsmoker, etc.), regardless of when the policy went into force. Thus, a prospective buyer should look beyond the first year or

two when comparing prices of different policies.

For instance, the premiums that are typically advertised for a Select and Ultimate policy at a range of different ages actually indicate first year premiums only. The premium in the fifth year of a YRT policy that was bought by someone at age 30 would be significantly higher than the same policy first bought by a different person at age 35.

On the other hand, Select and Ultimate Policies do offer an advantage you may want to consider. If you remain healthy and are willing to take a new medical exam, some insurers will allow you to qualify for the lower “entry” rate and issue a completely new policy. In this case, it's important to know whether and how often you have the opportunity to requalify.

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
American Heritage Life	Patriot I	\$ 258	\$ 1,445	\$ 283	\$ 1,848	\$ 363	\$ 2,530
Ameritas LIC	ART	\$ 250	\$ 1,480	\$ 278	\$ 1,760	\$ 348	\$ 2,410
Columbia Universal	T-90 ART	\$ 273	\$ 1,435	\$ 328	\$ 1,897	\$ 463	\$ 2,639
Commercial Union	Annual R&C Term	\$ 305	\$ 1,690	\$ 403	\$ 2,335	\$ 578	\$ 3,433
Franklin Life	Level Term 90-1	\$ 358	\$ 2,233	\$ 378	\$ 2,465	\$ 443	\$ 3,178
Golden Rule	ValuTerm 1	\$ 228	\$ 1,360	\$ 255	\$ 1,808	\$ 265	\$ 2,410
Jackson National	Choice YRT 100	\$ 235	\$ 1,625	\$ 268	\$ 2,150	\$ 348	\$ 2,955
Phoenix Home Life	Term Life Success	\$ 288	\$ 1,908	\$ 545	\$ 3,500	\$ 943	\$ 5,798
Principal Mutual	ART	\$ 288	\$ 1,562	\$ 355	\$ 2,096	\$ 440	\$ 2,853
Security Benefit	YRT-100	\$ 283	\$ 1,409	\$ 428	\$ 2,228	\$ 658	\$ 3,403
Secur.Mutual/NY	Prime Select ART	\$ 248	\$ 1,281	\$ 248	\$ 1,717	\$ 280	\$ 2,163
Southwestern LIC	ART 100	\$ 350	\$ 1,843	\$ 403	\$ 2,235	\$ 545	\$ 3,298
USG Annuity & Life	Vision Term	\$ 208	\$ 1,540	\$ 225	\$ 1,905	\$ 250	\$ 2,645

Survey period: Nov. 5, 1996 thru Nov. 8, 1996

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
American Heritage Life	Patriot I	\$ 508	\$ 3,745	\$ 710	\$ 5,253	\$ 1,105	\$ 8,248
Ameritas LIC	ART	\$ 448	\$ 3,295	\$ 605	\$ 4,745	\$ 918	\$ 7,043
Columbia Universal	T-90 ART	\$ 630	\$ 3,577	\$ 868	\$ 5,122	\$ 1,313	\$ 7,952
Commercial Union	Annual R&C Term	\$ 865	\$ 4,753	\$ 1,130	\$ 6,430	\$ 1,540	\$ 9,508
Franklin Life	Level Term 90-1	\$ 610	\$ 4,428	\$ 883	\$ 6,450	\$ 1,465	\$10,410
Golden Rule	ValuTerm 1	\$ 385	\$ 3,650	\$ 660	\$ 5,743	\$ 1,045	\$ 8,795
Jackson National	Choice YRT 100	\$ 465	\$ 3,825	\$ 668	\$ 5,670	\$ 983	\$ 9,330
Phoenix Home Life	Term Life Success	\$ 1,545	\$ 9,653	\$ 2,648	\$15,718	\$ 3,980	\$23,848
Principal Mutual	ART	\$ 555	\$ 4,103	\$ 763	\$ 6,009	\$1,370	\$10,226
Security Benefit LIC	YRT-100	\$ 993	\$ 5,185	\$ 1,445	\$ 7,520	\$ 2,248	\$11,875
Secur.Mutual/NY	Prime Select ART	\$ 375	\$ 2,760	\$ 555	\$ 4,230	\$ 738	\$ 6,328
Southwestern LIC	ART 100	\$ 863	\$ 5,095	\$ 1,273	\$ 7,423	\$ 1,875	\$11,395
USG Annuity & Life	Vision Term	\$ 380	\$ 3,648	\$ 533	\$ 5,378	\$ 850	\$ 7,738

Survey period: Nov. 5, 1996 thru Nov. 8, 1996

Life Insurance Update

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
American Heritage Life	Patriot I	\$ 250	\$ 1,385	\$ 263	\$ 1,528	\$ 293	\$ 1,958
Ameritas LIC	ART	\$ 213	\$ 1,245	\$ 225	\$ 1,410	\$ 270	\$ 1,835
Columbia Universal	T-90 ART	\$ 263	\$ 1,339	\$ 278	\$ 1,490	\$ 353	\$ 2,032
Commercial Union	Annual R&C Term	\$ 270	\$ 1,480	\$ 348	\$ 2,008	\$ 488	\$ 2,833
Franklin Life	Level Term 90-1	\$ 315	\$ 1,973	\$ 343	\$ 2,218	\$ 405	\$ 2,800
Golden Rule	ValuTerm 1	\$ 188	\$ 1,118	\$ 230	\$ 1,475	\$ 248	\$ 1,783
Jackson National	Choice YRT 100	\$ 195	\$ 1,300	\$ 228	\$ 1,723	\$ 283	\$ 2,205
Phoenix Home Life	Term Life Success	\$ 230	\$ 1,585	\$ 485	\$ 2,993	\$ 775	\$ 4,575
Principal Mutual LIC	ART	\$ 283	\$ 1,496	\$ 293	\$ 1,644	\$ 370	\$ 2,224
Security Benefit LIC	YRT-100	\$ 225	\$ 1,115	\$ 338	\$ 1,765	\$ 520	\$ 2,693
Secur.Mutual/NY	Prime Select ART	\$ 193	\$ 988	\$ 193	\$ 1,308	\$ 230	\$ 1,612
Southwestern LIC	ART 100	\$ 323	\$ 1,713	\$ 372	\$ 2,110	\$ 510	\$ 2,978
USG Annuity & Life	Vision Term	\$ 218	\$ 1,433	\$ 225	\$ 1,830	\$ 235	\$ 2,393

Survey period: Nov. 5, 1996 thru Nov. 8, 1996

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
American Heritage Life	Patriot I	\$ 390	\$ 2,768	\$ 543	\$ 4,623	\$ 765	\$ 5,733
Ameritas LIC	ART	\$ 320	\$ 2,303	\$ 405	\$ 3,100	\$ 588	\$ 4,433
Columbia Universal	T-90 ART	\$ 495	\$ 2,806	\$ 668	\$ 3,815	\$ 935	\$ 5,567
Commercial Union	Annual R&C Term	\$ 700	\$ 3,888	\$ 883	\$ 4,713	\$ 1,035	\$ 6,228
Franklin Life	Level Term 90-1	\$ 498	\$ 3,458	\$ 665	\$ 4,650	\$ 878	\$ 6,913
Golden Rule	ValuTerm 1	\$ 318	\$ 2,630	\$ 418	\$ 3,865	\$ 573	\$ 5,070
Jackson National	Choice YRT 100	\$ 353	\$ 2,823	\$ 475	\$ 4,010	\$ 645	\$ 5,840
Phoenix Home Life	Term Life Success	\$ 1,505	\$ 7,123	\$ 1,885	\$ 10,550	\$ 2,463	\$14,373
Principal Mutual LIC	ART	\$ 460	\$ 3,064	\$ 585	\$ 4,418	\$ 828	\$ 6,596
Security Benefit LIC	YRT-100	\$ 785	\$ 4,100	\$ 1,143	\$ 5,948	\$ 1,778	\$ 9,388
Secur. Mutual/NY	Prime Select ART	\$ 290	\$ 2,095	\$ 420	\$ 3,225	\$ 568	\$ 4,537
Southwestern LIC	ART 100	\$ 735	\$ 4,180	\$ 985	\$ 5,400	\$ 1,238	\$ 6,952
USG Annuity & Life	Vision Term	\$ 338	\$ 3,140	\$ 445	\$ 4,425	\$ 740	\$ 6,623

Survey period: Nov. 5, 1996 thru Nov. 8, 1996

Life Insurance Update

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. 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. Each policy is guaranteed renewable for the next nine years at the same initial premium level.

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	Patriot X	\$ 278	\$ 343	\$ 530	\$ 828	\$ 1,228	\$ 1,888
Ameritas LIC	10-Year Term	\$ 293	\$ 353	\$ 535	\$ 815	\$ 1,158	\$ 1,808
Canada Life	T-250	\$ 313	\$ 395	\$ 595	\$ 900	\$ 1,303	\$ 2,028
Columbia Universal	T-90 Level	\$ 290	\$ 403	\$ 563	\$ 780	\$ 1,160	\$ 1,860
Federal Home Life	Ideal Term 10 Yr	\$ 260	\$ 345	\$ 470	\$ 650	\$ 925	\$ 1,393
Franklin Life	Level Term 90-10	\$ 405	\$ 530	\$ 710	\$ 1,055	\$ 1,518	\$ 2,563
Golden Rule	ValuTerm 10	\$ 260	\$ 348	\$ 478	\$ 708	\$ 1,125	\$ 1,770
Jackson National	Prime 10 R&C	\$ 298	\$ 390	\$ 588	\$ 883	\$ 1,280	\$ 1,990
Jackson National	Choice 10 Yr. R&C	\$ 285	\$ 375	\$ 563	\$ 848	\$ 1,228	\$ 1,910
Manulife	Manulife 10	\$ 248	\$ 350	\$ 480	\$ 698	\$ 1,005	\$ 1,463
National Guardian	Term Guard III	\$ 248	\$ 318	\$ 445	\$ 650	\$ 935	\$ 1,430
Phoenix Home Life	Success 10+	\$ 388	\$ 510	\$ 750	\$ 1,185	\$ 1,733	\$ 2,803
Presidential	10-Year Term	\$ 340	\$ 420	\$ 575	\$ 823	\$ 1,183	\$ 1,823
Principal Mutual	10-Yr Level Term	\$ 315	\$ 433	\$ 618	\$ 920	\$ 1,390	\$ 2,193
Savings Bank Life/MA	10 Yr Term	\$ 218	\$ 275	\$ 380	\$ 548	\$ 855	\$ 1,300
Security Benefit LIC	Security 10 LT	\$ 400	\$ 540	\$ 763	\$ 1,063	\$ 1,525	\$ 2,323
Security Connecticut	SECURI-T-10	\$ 218	\$ 278	\$ 383	\$ 543	\$ 788	\$ 1,205
Security Mutual/NY	Prime Select 10	\$ 393	\$ 480	\$ 583	\$ 790	\$ 1,195	\$ 1,815
Southwestern LIC	10 Yr. Term	\$ 410	\$ 540	\$ 718	\$ 1,030	\$ 1,485	\$ 2,415
USG Annuity & Life	Vision Term	\$ 358	\$ 458	\$ 658	\$ 920	\$ 1,388	\$ 1,938

Survey period: Nov. 5, 1996 thru Nov. 8, 1996

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	Patriot X	\$ 268	\$ 283	\$ 370	\$ 580	\$ 895	\$ 1,330
Ameritas LIC	10-Year Term	\$ 248	\$ 285	\$ 405	\$ 570	\$ 750	\$ 1,030
Canada Life	T-250	\$ 268	\$ 348	\$ 465	\$ 640	\$ 875	\$ 1,287
Columbia Universal	T-90 Level	\$ 268	\$ 305	\$ 433	\$ 600	\$ 838	\$ 1,268
Federal Home Life	Ideal Term 10 Yr	\$ 228	\$ 285	\$ 375	\$ 480	\$ 635	\$ 895
Franklin Life	Level Term 90-10	\$ 358	\$ 483	\$ 658	\$ 865	\$ 1,143	\$ 1,510
Golden Rule	ValuTerm 10	\$ 220	\$ 283	\$ 370	\$ 503	\$ 723	\$ 960
Jackson National	Prime 10 R&C	\$ 253	\$ 325	\$ 450	\$ 630	\$ 860	\$ 1,265
Jackson National	Choice 10 Yr. R&C	\$ 243	\$ 313	\$ 430	\$ 605	\$ 825	\$ 1,213
Manulife	Manulife 10	\$ 235	\$ 283	\$ 396	\$ 555	\$ 808	\$ 1,145
National Guardian	TermGuard III	\$ 220	\$ 270	\$ 358	\$ 473	\$ 635	\$ 940
Phoenix Home Life	Success 10+	\$ 325	\$ 405	\$ 548	\$ 753	\$ 1,043	\$ 1,513
Presidential	10-Year Term	\$ 290	\$ 333	\$ 405	\$ 490	\$ 683	\$ 1,065
Principal Mutual	10-Yr Level Term	\$ 303	\$ 330	\$ 465	\$ 665	\$ 995	\$ 1,515
Savings Bank Life/MA	10 Yr Term	\$ 218	\$ 275	\$ 380	\$ 548	\$ 855	\$ 1,300
Security Benefit LIC	Security 10 LT	\$ 350	\$ 463	\$ 613	\$ 845	\$ 1,175	\$ 1,688
Security Connecticut	SECURI-T-10	\$ 195	\$ 243	\$ 313	\$ 428	\$ 568	\$ 825
Security Mutual/NY	Prime Select 10	\$ 320	\$ 415	\$ 508	\$ 738	\$ 988	\$ 1,330
Southwestern LIC	10 Yr. Term	\$ 393	\$ 500	\$ 638	\$ 880	\$ 1,220	\$ 1,655
USG Annuity & Life	Vision Term	\$ 323	\$ 430	\$ 588	\$ 798	\$ 1,143	\$ 1,658

Survey period: Nov. 5, 1996 thru Nov. 8, 1996

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

Companies	Policy Name (Product Type)	Issue Ages	Initial Credit%	Yield Guar. Period	Surrender Fees			Net Cash Value Age 65	Net Death Benefit at Age 65
					Yr 1	Yr 5	Yr 10		
Golden Rule	Asset-Care (WL)	40-80	6.35%	1 Year	11%	7%	1.5%	\$ 265,753	\$ 467,725
National Guardian	SPWL (WL)	0-80	na	na	na	na	na	\$ 246,988	\$ 474,921
Phoenix Home Life	Phoenix Edge(VUL)	0-75	5.50%	na	na	na	na	\$ 112,082	\$ 214,977
Presidential	Taxbreaker II (UL)	0-80	6.50%	1 Year	7%	4%	0%	\$ 352,365	\$ 514,840
USG Annuity & Life	Life 3 (UL)	30-85	7.25%	1 Year	9%	5%	0%	\$ 249,211	\$ 436,119
Western United	Freedom III (WL)	0-80	5.00%	1 Year	10%	7%	2%	\$ 265,330	\$ 406,842

Survey period: Nov. 5, 1996 thru Nov. 8, 1996

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. These products 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 almost exclusively available to only large corporate or institutional buyers, such as pension plans. They are NOT available to individual investors.

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 and do not permit withdrawals before maturity. They are also quoted net of expenses and with no commission fees.

Table 12. Bullet GICs (Net of Expenses, Without Commissions)

Reporting Companies	Date of Quote	\$500,000 Deposit				\$3,000,000 Deposit			
		Compound		Simple		Compound		Simple	
		3 Yr	7 Yr	3 Yr	7 Yr	3 Yr	7 Yr	3 Yr	7 Yr
Canada Life	11/26	6.08%	6.32%	6.08%	6.32%	6.21%	6.43%	6.21%	6.43%
John Hancock	11/26	6.11%	6.54%	6.09%	6.48%	6.16%	6.59%	6.14%	6.53%
Hartford Life	11/27	5.91%	6.25%	5.88%	6.18%	5.91%	6.25%	5.88%	6.18%
Met Life	12/2	6.13%	6.41%	6.10%	6.34%	6.13%	6.41%	6.10%	6.34%
New York Life	11/27	6.10%	-	6.10%	-	6.10%	-	6.10%	-
Principal Mutual	11/27	6.00%	6.55%	5.96%	6.44%	6.10%	6.65%	6.06%	6.54%
Prudential	11/26	-	-	-	-	6.13%	6.56%	6.11%	6.50%
SAFECO	11/26	6.06%	-	-	-	6.06%	-	-	-
Transamerica	11/26	5.86%	6.17%	5.79%	6.11%	5.94%	6.26%	5.87%	6.19%
Travelers	11/27	6.04%	6.22%	6.01%	6.17%	6.14%	6.32%	6.11%	6.27%

Life & Health Guaranty Associations

Most states have guaranty funds to help pay the claims of financially impaired insurance companies. State laws specify the lines of insurance covered by these funds and the dollar limits payable. Coverage is usually for individual policyholders and their beneficiaries and not for values held in unallocated group contracts. Most

states also restrict insurance agents and companies from advertising the funds' availability.

There are many issues, too numerous to describe here, which determine the type and extent of coverage available. You are advised to consult your state insurance department for details about any

policy you consider purchasing. Another source of information is the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA, 13873 Park Center Road, Suite 329, Herndon, VA 22071). NOLHGA provided the information summarized below:

LIABILITY LIMITS

State	Aggregate Benefits	Death Benefits	Cash Values	PV of Annuities	Insurance Commissioners' Phone Numbers
Alabama	\$300,000	-	\$100,000	\$100,000	(205) 269-3550
Alaska	\$300,000	\$300,000	\$100,000	\$100,000	(907) 465-2515
Arizona	\$300,000	-	\$100,000	\$100,000	(602) 912-8420
Arkansas	\$300,000	\$100,000	\$100,000	\$100,000	(501) 686-2900
California	\$250,000	\$250,000	\$100,000	\$100,000	(916) 445-5544
Colorado	\$300,000	\$300,000	\$100,000	\$100,000	(303) 894-7499
Connecticut	\$300,000	\$300,000	\$100,000	\$100,000	(203) 297-3802
Delaware	\$300,000	\$300,000	\$100,000	\$100,000	(302) 739-4251
Dist. of Col.	\$300,000	\$300,000	\$100,000	\$100,000	(202) 727-8000
Florida	\$300,000	-	\$100,000	\$100,000	(904) 922-3100
Georgia	\$300,000	-	\$100,000	\$100,000	(404) 656-2056
Hawaii	\$300,000	\$300,000	\$100,000	\$100,000	(808) 586-2790
Idaho	\$300,000	-	\$100,000	\$100,000	(208) 334-2250
Illinois	\$300,000	\$300,000	\$100,000	\$100,000	(217) 782-4515
Indiana	\$300,000	-	\$100,000	\$100,000	(317) 232-2385
Iowa	\$300,000	-	\$100,000	\$100,000	(515) 281-5705
Kansas	\$300,000	\$300,000	\$100,000	\$100,000	(913) 296-7801
Kentucky	-	\$300,000	\$100,000	\$100,000	(502) 564-3630
Louisiana	\$300,000	\$300,000	\$100,000	\$100,000	(504) 342-5900
Maine	\$300,000	-	\$100,000	\$100,000	(207) 582-8707
Maryland	all contractual obligations				(410) 333-6300
Massachusetts	\$300,000	\$300,000	\$100,000	\$100,000	(617) 521-7794
Michigan	\$300,000	\$300,000	\$100,000	\$100,000	(517) 373-9273
Minnesota	\$300,000	\$300,000	\$100,000	\$100,000	(612) 296-6848
Mississippi	\$300,000	\$300,000	\$100,000	\$100,000	(601) 359-3569
Missouri	\$300,000	\$300,000	\$100,000	\$100,000	(314) 751-4126
Montana	-	\$300,000	-	-	(406) 444-2040
Nebraska	\$300,000	\$300,000	\$100,000	\$100,000	(402) 471-2201
Nevada	\$300,000	\$300,000	\$100,000	\$100,000	(702) 687-4270
New Hampshire	\$300,000	-	\$100,000	\$100,000	(603) 271-2261
New Jersey	\$500,000	\$500,000	\$100,000	\$500,000	(609) 292-5363
New Mexico	\$300,000	-	\$100,000	\$100,000	(505) 827-4500
New York	\$500,000	-	-	-	(212) 602-0492
No. Carolina	\$300,000	-	-	-	(919) 733-7343
North Dakota	\$300,000	\$300,000	\$100,000	\$100,000	(701) 224-2440
Ohio	\$300,000	\$300,000	\$100,000	\$100,000	(614) 644-2651
Oklahoma	\$300,000	\$300,000	\$100,000	\$300,000	(405) 521-2828
Oregon	\$300,000	\$300,000	\$100,000	\$100,000	(503) 378-4271
Pennsylvania	\$300,000	\$300,000	\$100,000	\$100,000	(717) 787-5173
Puerto Rico	-	\$300,000	-	-	(809) 722-8686
Rhode Island	\$300,000	\$300,000	\$100,000	\$100,000	(401) 277-2223
So. Carolina	\$300,000	-	-	-	(803) 737-6117
South Dakota	\$300,000	\$300,000	\$100,000	\$100,000	(605) 773-3563
Tennessee	\$300,000	\$300,000	\$100,000	\$100,000	(615) 741-2241
Texas	-	\$300,000	\$100,000	\$100,000	(512) 463-6464
Utah	\$300,000	\$300,000	\$100,000	\$100,000	(801) 530-3800
Vermont	\$300,000	\$300,000	\$100,000	\$100,000	(802) 828-3301
Virginia	\$300,000	\$300,000	\$100,000	\$100,000	(804) 371-9741
Washington	\$500,000	\$500,000	-	\$500,000	(206) 753-7301
West Virginia	\$300,000	\$300,000	\$100,000	\$100,000	(304) 558-3394
Wisconsin	\$300,000	-	-	-	(608) 266-0102
Wyoming	\$300,000	\$300,000	\$100,000	\$100,000	(307) 777-7401

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 Company 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.

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 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.

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. 881	Rank	Grade	# Co. 256	Rank	Grade	# Co. 106	Rank	Grade	# Co. 170	Rank	Grade	# Co. 1774
1	(A++)	50	1	(AAA)	64	1	(Aaa)	10	1	(AAA)	51	1	(A+)	13
2	(A+)	156	2	(AA+)	46	2	(Aa1)	5	2	(AA+)	19	2	(A)	17
3	(A)	229	3	(AA)	42	3	(Aa2)	17	3	(AA)	42	3	(A-)	36
4	(A-)	156	4	(AA-)	53	4	(Aa3)	33	4	(AA-)	25	4	(B+)	55
5	(B++)	87	5	(A+)	28	5	(A1)	30	5	(A+)	21	5	(B)	178
6	(B+)	125	6	(A)	6	6	(A2)	12	6	(A)	10	6	(B-)	130
7	(B)	62	7	(A-)	3	7	(A3)	2	7	(A-)	1	7	(C+)	125
8	(B-)	23	8	(BBB+)	2	8	(Baa1)	5	8	(BBB+)	0	8	(C)	243
9	(C++)	9	9	(BBB)	3	9	(Baa2)	2	9	(BBB)	0	9	(C-)	174
10	(C+)	11	10	(BBB-)	2	10	(Baa3)	1	10	(BBB-)	0	10	(D+)	137
11	(C)	10	11	(BB+)	1	11	(Ba1)	1	11	(BB+)	0	11	(D)	223
12	(C-)	2	12	(BB)	1	12	(Ba2)	0	12	(BB)	0	12	(D-)	58
13	(D)	0	13	(BB-)	1	13	(Ba3)	0	13	(BB-)	0	13	(E+)	43
14	(E)	10	14	(B+)	0	14	(B1)	0	14	(B+)	0	14	(E)	43
15	(F)	3	15	(B)	0	15	(B2)	1	15	(B)	0	15	(E-)	3
	(as of 6/96)		16	(B-)	0	16	(B3)	0	16	(B-)	0	16	(F)	27
			17	(CCC)	0	17	(Caa)	2	17	(CCC+)	0	17	(U)	316
			18	(R)	4	18	(Ca)	0	18	(CCC)	1		(as of 11/96)	
				(as of 8/96)		19	(C)	0	19	(CCC-)	0			
							(as of 8/96)			(as of 9/96)				

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's			Std & Poors			Moody's Invest.			Duff & Phelps			Weiss Research	
					Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Trend
Acacia Mutual LIC	60038	DC	\$ 0.9B	10%	3 (A)			-			-			4 (AA-)	4/96		5 (B)	
Acacia Nat'l Life	85685	VA	\$ 0.5B	5%	3 (A)			-			-			4 (AA-)	4/96		8 (C)	
Aetna LI & Ann. Co.	86509	CT	\$24.3B	2%	2 (A+)		▼6/95	4 (AA-)		▼7/96	3 (Aa2)	4/96		2 (AA+)	7/95		7 (C+)	
Aetna LIC	60054	CT	\$46.1B	3%	3 (A)			5 (A+)		▲7/96	4 (Aa3)	4/96	▲12/95	4 (AA-)		▼7/95	9 (C-)	
AID Assoc. Lutherans	56014	WI	\$14.1B	6%	1 (A++)			1 (AAAA)			3 (Aa2)	11/95		1 (AAA)			-	
AIG LIC	66842	DE	\$ 5.8B	3%	2 (A+)			1 (AAA)			1 (Aaa)			-			7 (C+)	▲10/95
Alex. Ham. LIC Amer.	88358	MI	\$ 7.3B	4%	1 (A++)		▲8/96	1 (AAA)		▲10/95	4 (Aa3)			1 (AAA)	11/96	▲10/95	5 (B)	▲2/96
Allstate LIC	60186	IL	\$24.9B	6%	2 (A+)		▲3/96	2 (AA+)	3/95		4 (Aa3)	10/95		-			5 (B)	
Allstate LIC/ NY	70874	NY	\$ 1.6B	9%	2 (A+)			-			4 (Aa3)	10/95		-			5 (B)	
Amer. Centurian LAC	77798	NY	\$ 0.1B	13%	2 (A+)		▲6/95	-			-			1 (AAA)	12/95		-	
Amer. Enterprise LIC	94234	IN	\$ 3.4B	5%	2 (A+)			-			3 (Aa2)	2/96		1 (AAA)	12/95		5 (B)	▲11/94
Amer. Family LIC	60399	WI	\$ 1.8B	12%	2 (A+)			-			-			-			1 (A+)	
Amer. General LIC	60488	TX	\$ 6.6B	19%	1 (A++)			1 (AAA)	3/96		4 (Aa3)	12/94		1 (AAA)	5/96		3 (A-)	▲10/94
Amer. Heritage LIC	60534	FL	\$ 1.0B	11%	3 (A)			-			-			-			3 (A-)	
Amer. Int'l Life/NY	60607	NY	\$ 5.0B	5%	2 (A+)			1 (AAA)			1 (Aaa)			-			6 (B-)	▲2/96
Amer. Investors LIC	60631	KS	\$ 2.1B	4%	4 (A-)			-			-			4 (A)		▼11/96	8 (C)	
Amer. Life/Cas. Ins.	60682	IA	\$ 5.2B	4%	4 (A-)			7 (A-)	8/96	▼9/94	11 (Ba1)	11/95		-			9 (C-)	
Amer. LIC	60690	DE	\$12.4B	11%	(FPR-8)			1 (AAA)			-			-			5 (B)	▲10/95

Continued...

Legend: Date following rating is the date rating was last affirmed. ▲ = date upgraded; ▼ = date downgraded.

- ("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.

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.

Insurance Company Ratings

Company Legal Name	N.A.I.C.#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's			Std & Poors			Moodys Invest.			Duff & Phelps			Weiss Research	
					Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Trend
Amer. LIC/ NY	60704	NY	\$ 1.3B	5%	2 (A+)			4 (AA-)	5/95	▼12/94	-			2 (AA+)	8/95		5 (B)	
American Maturity	81213	CT	\$ 0.2B	98%	2 (A+)		▲9/94	3 (AA)		▼9/96	-			2 (AA+)	10/96		-	
Amer. Mayflow LIC/ NY	60712	NY	\$ 0.9B	6%	2 (A+)			4 (AA-)		▼8/96	4 (Aa3)	12/94		2 (AA+)	8/95		6 (B-)	
Amer. Mutual LIC	61689	IA	\$ 4.0B	10%	3 (A)			6 (A)		▼4/95	6 (A2)			4 (AA-)	6/96	▲8/95	7 (C+)	
Amer. Nat'l Ins. Co.	60739	TX	\$ 5.8B	22%	1 (A++)			2 (AA+)			3 (Aa2)			-			5 (B)	
Amer. Skandia L. Assur	86630	CT	\$ 4.7B	2%	4 (A-)			7 (A-)		▲8/96	-			4 (AA-)	10/96		11 (SD)	
American United LIC	60895	IN	\$ 6.5B	4%	2 (A+)			3 (AA)		▲10/96	5 (A1)	5/93		3 (AA)	6/95	▼10/96	5 (B)	
Ameritas LI Corp.	61301	NE	\$ 1.7B	12%	2 (A+)			3 (AA)	4/96		-			-			2 (A)	
Anchor Nat'l LIC	60941	AZ	\$ 7.4B	4%	2 (A+)			4 (AA-)	3/96	▼9/95	6 (A2)	10/96		3 (AA)	11/96		8 (C)	
Aurora Nat'l LAC	61182	CA	\$ 5.1B	8%	(FPR-6)			-			8 (Baa1)	7/95		5 (A+)	11/96	▲7/95	11 (D)	
AUSA LIC	70688	NY	\$ 7.7B	2%	3 (A)		▲6/94	1 (AAA)		▲10/96	4 (Aa3)	9/95		2 (AA+)	3/96		8 (C)	
Bankers Life/Cas. Co.	61263	IL	\$ 3.4B	10%	4 (A-)		▼10/95	-			10 (Baa3)	3/96		4 (AA-)	7/95		8 (C)	
Bankers Sec. LI Soc.	61360	NY	\$ 1.0B	7%	3 (A)			4 (AA-)		▲3/96	-			3 (AA)	3/96		8 (C)	▼5/96
Bankers Uni. Life Ass.	61387	IA	\$ 3.5B	4%	3 (A)			1 (AAA)		▲9/96	4 (Aa3)	9/95		4 (AA+)	11/96		7 (C+)	
Banner LIC	94250	MD	\$ 0.8B	11%	2 (A+)			-			5 (A1)			-			6 (B-)	
Beneficial Std LIC	61417	CA	\$ 2.4B	5%	4 (A-)		▼10/95	-			10 (Baa3)		▼3/95	5 (A+)	7/95		8 (C)	
Berkshire LIC	61433	MA	\$ 1.2B	5%	2 (A+)			4 (AA-)		▼2/96	-			3 (AA)	9/95		7 (C+)	
Business Mens Assur.	61492	MD	\$ 1.9B	18%	3 (A)	9/96	▼10/95	3 (AA)	3/96		5 (A1)	2/96		3 (AA)	12/95		4 (B+)	▼5/96
Canada Life Assur.	80659	CD	\$ 19.6B	11%	1 (A++)			2 (AA+)	9/96	▼8/95	3 (Aa2)	10/94		1 (AAA)	7/96		-	
Canada Life Ins Co. (NY)	79359	NY	\$ 0.2B	5%	1 (A++)			2 (AA+)		▼8/95	-			1 (AAA)	7/96		7 (SC+)	▲1/96
Capitol Bankers LIC	62421	MN	\$ 0.4B	8%	4 (A-)			7 (A-)			-			-			8 (C)	
Gen Benefits Nat'l IC	63541	OH	\$ 0.4B	52%	4 (A-)		▲6/94	-			-			6 (A)	8/95		-	
Gen Nat LIC/Omaha	61700	DE	\$ 1.4B	15%	2 (A+)			-			-			-			4 (B+)	
Century Life of Amer.	65749	IA	\$ 2.7B	5%	2 (A+)		▼4/96	-			-			3 (AA)		▲11/95	4 (B+)	▲11/95
Champlain LIC	93637	VT	\$ 0.8B	-	-			4 (AA-)			-			3 (AA)			8 (SC)	
Chubb Sovereign LIC	80438	CA	\$ 0.4B	13%	2 (A+)			2 (AA-)		▼10/96	-			-			5 (B)	
Cigna LIC	93629	CT	\$ 0.1B	49%	2 (A+)			3 (AA)	10/95		-			1 (AAA)	12/96		-	
Colonial LIC of Amer.	62057	NJ	\$ 0.7B	16%	3 (A)			1 (AAA)			-			-			5 (B)	▼9/95
Columbus LIC	99937	OH	\$ 1.8B	9%	2 (A+)			1 (AAA)			-			1 (AAA)	1/96		5 (B)	

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Insurance Company Ratings

Company Legal Name	N.AIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's			Std & Poors			Moody's Invest.			Duff & Phelps			Weiss Research	
					Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd
Comme'l Un. LIC/Am.	62898	DE	\$ 1.4B	8%	2 (A+)			-			3 (Aa2)	6/96		4 (AA+)	6/96		4 (B+)	▲1/96
Companion LIC	62243	NY	\$ 0.3B	14%	3 (A)			-			-			3 (AA)			5 (B)	
CU Life Ins Co. NY	92665	NY	\$ 0.3B	6%	2 (A+)			-			-			4 (AA+)	6/95		7 (SC+)	
Commonwealth LIC	62227	KY	\$ 4.6B	4%	2 (A+)			2 (AA+)		▼5/96	4 (Aa3)	7/95		2 (AA+)	9/96		7 (C+)	9/95
Conn. General LIC	62308	CT	\$ 57.9B	3%	2 (A+)	5/96		3 (AA)	3/96	▼12/94	4 (Aa3)		▲10/96	1 (AAA)	6/95		7 (C+)	
Conn Nat'l LIC	93769	IL	\$ 0.3B	8%	4 (A-)		▼3/95	-			-			5 (A+)	3/96	▲10/95	8 (SC)	
Continental Assur. Co.	62413	IL	\$ 11.3B	10%	3 (A)		▼5/95	3 (AA)		▼2/96	5 (A1)	7/95		3 (AA)	6/96	▼6/95	5 (B)	▲9/95
Continental General	71404	NE	\$ 0.3B	15%	4 (A-)			-			5 (A1)			1 (AAA)	1/96		5 (B)	
Comm. Mutual LIC	62316	CT	\$ 11.7B	5%	(NR-3)		▼11/94	5 (AA-)		▼8/95	4 (Aa3)		▲10/96	4 (AA-)		▼12/94	5 (B)	▲12/94
Constitution LIC	62359	TX	\$ 0.2B	31%	5 (B++)	1/96		8 (BBB+)			-			5 (A+)			11 (D)	▼7/95
Contin. Western LIC	62510	IA	\$ 0.4B	6%	3 (A)			8 (BBB+)			-			3 (AA)			5 (SB)	
Cova Finan. Svcs. LIC	93513	MO	\$ 1.0B	5%	3 (A)		▲1/95	5 (AA-)	1/95		5 (A1)		▲10/95	3 (AA)	1/96		8 (C)	▲10/95
Crown LIC	n/a	CN	\$ 8.7B	6%	4 (A-)			7 (A-)		▲9/96	14 (Baa3)		▼7/96	-			-	
CUNA Mutual Ins. Soc.	62626	WI	\$ 1.7B	14%	3 (A)			-			-			3 (AA)	11/95		8 (C)	
Delta Life & Ann.	65145	TN	\$ 1.6B	4%	3 (A)		▼6/96	-			-			5 (A+)	11/96	▼6/95	6 (B-)	
Empire LIC	62820	WA	\$ 0.3B	20%	4 (A-)		▲6/95	-			-			4 (AA-)			9 (SC-)	
Empire Gen. LAC	94285	TN	\$ 1.0B	98%	2 (A+)		▲2/94	3 (AA)			-			3 (AA)	6/96		9 (SC-)	
Equit. L./IOWA	62979	IA	\$ 2.9B	18%	2 (A+)	5/96		3 (AA)	4/96		5 (A1)	5/96	▲11/95	3 (AA)	6/96		5 (B)	
Equit. L. Assur. Soc.	62944	NY	\$ 51.4B	4%	3 (A)		▲5/95	4 (AA-)		▲10/95	4 (Aa3)		▲6/96	4 (AA-)		▲12/95	9 (C-)	▲9/95
Equit. Variable LIC	81361	NY	\$ 12.4B	5%	3 (A)		▲5/95	4 (AA-)		▲10/95	4 (Aa3)		▲6/96	4 (AA-)		▲12/95	9 (C-)	▲9/95
Farmers N. World LIC	63177	WA	\$ 4.4B	19%	2 (A+)			-			4 (Aa3)			-			2 (A)	
Federal Home LIC	67695	IN	\$ 2.2B	8%	2 (A+)		▲4/96	-			-			3 (AA)		▲8/96	6 (B-)	
Fed. Kemper L. Assur.	63207	IL	\$ 2.4B	7%	3 (A)		▲1/96	4 (AA-)	10/96		4 (Aa3)		▲1/96	3 (AA)	10/96	▲1/96	8 (C)	
Fidelity & Guar. LIC	63274	MD	\$ 4.1B	7%	4 (A-)	2/96		7 (A-)		▲2/96	8 (Baa1)		▲5/95	6 (A)	5/95		8 (C)	▲1/96
Fidelity Union LIC	92509	TX	\$ 0.99B	13%	NA-4			-			-			-			4 (B-)	
Financial Benefit LIC	98213	FL	\$ 0.5B	6%	6 (B+)		▲6/96	4 (AA-)			-			-			9 (C-)	
First Alex. Ham. LIC	71510	NY	\$ 0.4B	6%	2 (A+)	6/96		-			-			1 (AAA)	11/96	▲10/95	8 (SC)	
First Colony LIC	63401	VA	\$ 8.5B	4%	1 (A+++)			4 (AA-)		▼8/96	4 (Aa3)			2 (AA+)	8/95		4 (B+)	▲6/96
First GNA LIC/NY	72990	NY	\$ 1.4B	10%	2 (A+)	12/95		3 (AA)			-			3 (AA)			5 (B)	▲10/95
First Rel. Std. LIC	71005	NY	\$ 0.05B	17%	4 (A-)			7 (A-)			-			5 (A+)	7/96	▼12/95	8 (C)	

Continued ... **Legend:** Date following rating is the date rating was last affirmed. ▲ = date upgraded; ▼ = date downgraded.

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
					Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd	Rating	Affirm'd
First Safeco Nat'l NY	78417	NY	\$ 0.02B	10%	2 (A+)	5/96		3 (A+)			-		5 (SB)	▲3/95
First Sun-America LIC	92495	NY	\$ 0.1B	13%	2 (A+)			-			-		8 (SC)	
First UNUM LIC	64297	NY	\$ 0.7B	14%	2 (A+)	4/94		3 (A+)	10/95		-		4 (B+)	
First Variable LIC	77984	AR	\$ 0.4B	7%	4 (A-)			4 (A+)	6/95		3 (AA)	2/96	8 (C)	▲3/96
Ford LIC	63576	MI	\$ 3.1B	3%	3 (A)		▲6/96	4 (A+)	10/96	▲9/96	3 (AA)	11/96	6 (B-)	▼9/95
Fort Dearborn LIC	71129	IL	\$ 0.4B	12%	3 (A)	5/96		-			-		5 (B)	▼11/94
Fortis Benefits LIC	70408	MN	\$ 4.9B	7%	3 (A)		▼4/96	3 (A+)	11/95		-		4 (B+)	▲9/95
Franklin LIC	63622	IL	\$ 6.7B	5%	1 (A++)		▲6/96	3 (A+)	3/96	▼6/95	2 (AA+)	8/96	3 (A-)	▼10/95
General American LIC	63665	MO	\$ 9.6B	6%	2 (A+)	5/96		4 (A+)	2/96		3 (AA)	1/96	7 (C+)	
General Electric CAP	70025	DE	\$ 5.9B	17%	2 (A+)		▲6/95	3 (A+)	3/96		3 (AA)	10/94	7 (C+)	▲5/96
General Services LIC	63762	IA	\$ 0.8B	4%	NA-4			2 (AA+)			4 (AA+)		8 (C)	
Glenbrook Life Annuity	70092	IL	\$ 0.1B	91%	2 (A+)			2 (AA+)			-		-	
Globe Life-Accid. IC	91472	DE	\$ 0.8B	8%	2 (A+)		▼5/95	3 (A+)		▼9/96	-		5 (B)	▼1/96
Golden America LIC	80942	DE	\$ 1.1B	6%	4 (A-)			-			4 (AA)		8 (C)	
Golden Rule Ins. Co.	62286	IL	\$ 1.3B	15%	3 (A)		▼5/95	4 (A+)			-		5 (B)	
Grand Pacific LIC	63975	HI	\$ 0.2B	4%	6 (B+)	4/96		-			8 (BBB+)	4/96	8 (SC)	▲6/96
Great American LIC	63312	OH	\$ 5.4B	5%	3 (A)			-		▲10/96	4 (AA-)	8/96	7 (C+)	▲11/95
Great Amer. Res. Ins.	64017	TX	\$ 2.5B	6%	4 (A-)		▼3/96	-	3/96	▼9/95	5 (A+)	7/95	9 (C-)	
Gr. Nthrn Insur. Ann.	94366	WA	\$ 6.5B	5%	2 (A+)	12/95		3 (A+)			3 (AA)	8/96	5 (B)	▲3/95
Great Southern LIC	90212	TX	\$ 1.0B	18%	3 (A)			6 (A)			-		7 (C+)	
Great-West Life Annuity	68322	CN	\$ 16.7B	3%	1 (A++)	5/96		2 (AA+)		▼9/96	1 (AAA)	5/96	5 (B)	▲9/95
Guardian LIC of Amer.	64246	NY	\$ 11.0B	10%	1 (A++)	6/96		1 (AAA)	11/95		1 (AAA)	10/95	1 (A+)	
Guardian Insur. Annuity	78778	DE	\$ 5.0B	3%	1 (A++)			1 (AAA)		▼9/96	1 (AAA)	10/95	3 (A-)	
Gulf LIC	64270	TN	\$ 2.6B	13%	2 (A+)			1 (AAA)			-		5 (B)	
Hartford LIC	88072	CT	\$ 46.6B	2%	2 (A+)	10/96	▼10/95	3 (A+)		▼9/96	2 (AA-)	10/96	4 (B+)	▼9/95
Harvest LIC	79421	OH	\$ 1.0%	7%	2 (A+)		▲4/96	-			3 (AA)		7 (C+)	
Horace Mann LIC	64513	IL	\$ 2.6B	5%	3 (A)		▼11/95	4 (A+)			3 (AA)		5 (B)	
IDS LIC	65005	MN	\$ 35.1B	3%	2 (A+)	4/96		-			1 (AAA)	12/95	5 (B)	
IDS Life/NY	80594	NY	\$ 2.1B	6%	2 (A+)			-			1 (AAA)	12/95	5 (B)	
Indianapolis LIC	64645	IN	\$ 1.5B	7%	3 (A)		▼6/96	4 (A+)	7/95		3 (AA)		5 (B)	

Continued . . . Legend: Date following rating is the date rating was last affirmed. ▲ = date upgraded; ▼ = date downgraded.

Insurance Company Ratings

Company Legal Name	N.A.I.C.#	State Dom.	Admitted Assets	C&S: Assets	A.M. Best's			Std & Poors			Moody's Invest.			Duff & Phelps			Weiss Research	
					Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd
Integrity LIC	74780	AZ	\$ 2.6B	5%	3 (A)		▲10/95	6 (A)			8 (Baa1)	11/95		5 (A+)	6/96		8 (C)	▲5/96
Interstate Assurance Co.	64807	IA	\$ 1.0B	7%	3 (A)		▲5/94	4 (Aa-)			-			3 (Aa)	2/96		6 (B-)	▲2/96
Investors Ins. Corp.	64939	DE	\$ 0.2B	3%	(NA-3)		▲5/95	-			-			-			12 (SD-)	
Investors LIC of NE	86975	SD	\$ 0.3B	12%	2 (A+)			3 (Aa)			-			-			4 (B+)	▲10/95
Jackson Nat'l LIC	65056	MI	\$ 24.1B	4%	3 (A)		▼11/94	3 (Aa)	3/96		5 (A1)			3 (Aa)	11/96		7 (C+)	▲10/95
Jefferson Nat'l LIC	65064	IN	\$ 1.1B	6%	3 (A)			-			-			5 (A+)			8 (C)	
Jefferson-Pilot LIC	67865	NC	\$ 6.6B	12%	1 (A++)	10/95		1 (AAA)			3 (Aa2)	10/95		1 (AAA)	11/96		1 (A+)	
John Alden LIC	65080	MN	\$ 4.9B	6%	4 (A-)	12/96	▼3/96	7 (BBB+)		▼3/96	7 (A3)	11/95		-			7 (C+)	
John Hancock Mut'l	65099	MA	\$50.8B	4%	1 (A++)	5/96		2 (Aa+)		▼4/95	3 (Aa2)	7/95		1 (AAA)	9/96		4 (B+)	▲8/96
Kansas City LIC	65129	MO	\$ 2.0B	10%	3 (A)			5 (A+)		▼3/94	6 (A2)	11/95		-			5 (B)	
Kenper Investors LIC	90557	IL	\$ 6.7B	5%	3 (A)		▲1/96	4 (Aa-)	9/96		4 (Aa3)		▲2/96	3 (Aa)	10/96	▲1/96	8 (C)	
KY Home Mutual	65218	KY	\$ 0.4B	40%	6 (B+)		▼11/95	-			-			8 (A-)	8/96	▼5/94	8 (SC)	
Keyport LIC	65234	RI	\$ 1.6B	4%	2 (A+)		▲11/94	4 (Aa-)			5 (A1)			4 (Aa-)	7/96		5 (B)	
Keystone State LIC	90344	PA	\$ 0.3B	25%	7 (B)		▲11/95	-			-			8 (A-)	5/94		9 (SC-)	▲3/95
Knights of Columbus	58033	CT	\$ 3.9B	12%	1 (A++)	3/96		1 (AAA)			-			-			-	
Lamar LIC	65250	MS	\$ 0.7B	9%	3 (A)			-			-			5 (A+)	6/95		4 (B+)	▼5/96
Lafayette LIC	65242	IN	\$ 0.8B	7%	2 (A+)			-			-			4 (Aa-)		▼10/95	5 (B)	
Liberty LIC	65323	SC	\$ 1.3B	10%	3 (A)			-			-			3 (Aa)	2/96		5 (B)	
Liberty Nat'l LIC	65331	AL	\$ 3.0B	11%	2 (A+)		▼4/95	3 (Aa)		▼8/96	-			-			4 (B+)	▼9/95
Life Ins. Co./Georgia	65471	GA	\$ 2.8B	5%	2 (A+)			3 (Aa)		▼2/96	3 (Aa2)	1/96		1 (AAA)	1/96		2 (A)	▲9/95
Life Ins. Co./S'west	65528	TX	\$ 1.6B	5%	3 (A)		▼6/94	-			-			4 (Aa-)	2/96		5 (B)	
Life Ins. Co./Virginia	65536	VA	\$ 7.4B	4%	2 (A+)	12/95		3 (Aa)	4/96		4 (Aa3)		▲4/96	3 (Aa)	8/96	▼8/96	6 (B-)	▼10/95
Life Investors Ins. Co.	64130	IA	\$ 5.2B	9%	2 (A+)			1 (AAA)		▲10/96	4 (Aa3)			2 (Aa+)	11/96		5 (B)	▲10/96
Life USA Insur. Co.	63339	CO	\$ 0.9B	5%	5 (B++)	6/94		-			-			-			7 (C+)	
Lincoln Benefit Life	65595	NE	\$ 0.3B	46%	2 (A+)			2 (Aa+)			4 (Aa3)	5/95		-			5 (B)	
Lincoln Nat'l LIC	65676	IN	\$43.3B	4%	2 (A+)			4 (Aa-)	4/95		5 (Aa3)	4/95	▲7/94	2 (Aa+)	10/96	▼11/95	6 (B-)	
Lincoln Security LIC	61620	NY	\$ 0.3B	5%	2 (A+)			5 (A+)		▼6/95	-			-			7 (SC+)	
London LIC	na	CN	\$14.5B	9%	1 (A++)			2 (Aa+)	9/96	▼8/95	3 (Aa2)	5/96		-			-	
Lutheran Brotherhood	57126	MN	\$ 1.9B	2%	1 (A++)	6/95		2 (Aa+)		▼2/96	3 (Aa2)	12/95		1 (AAA)	10/95		5 (B)	
Manhattan Nat'l	67083	IL	\$0.3B	13%	-			-			-			6 (A+)	3/96	▲8/95	7 (C+)	

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Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
					Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd	Rating	Affirm'd
Manufacturers LIC	n/a	CN	\$ 29.5B	10%	1 (A++)	9/96	▼10/94	2 (AA+)	9/96	▼10/94	1 (AAA)	8/96	-	-
Mass. General LIC	65900	MA	\$ 1.5B	4%	3(A)			-			6 (A+)	7/95	6 (B-)	
Mass. Mutual LIC	65935	MA	\$ 38.0B	4%	1 (A++)	2/96	▲6/94	1 (AAA)			1 (AAA)	9/95	3 (A-)	
Merrill Lynch LIC	79022	AR	\$ 12.0B	2%	3 (A)			5 (A+)			-		7 (C+)	
Mega L & Health	97055	OK	\$ 0.6B	19%	3(A)			-			(A+)	8/96	8 (C)	▲4/96
Metropolitan LIC	65978	NY	\$ 142.1B	4%	2 (A+)		▼12/94	2 (AA+)	11/95	▼11/94	2 (AA+)		3 (A-)	
Midland LIC	66036	OH	\$ 1.2B	7%	4 (A-)		▼7/94	5 (A)	4/96		-		8 (C)	
Midland Nat'l LIC	66044	SD	\$ 2.1B	13%	2 (A+)	3/96		3 (AA)		▼6/96	-		2 (A)	
Ministers Life	66133	MN	\$ 0.26B	5%	2 (A+)			-			1 (AAA)		7 (SB)	▲10/94
Minnesota Mutual LIC	66168	MN	\$ 10.1B	5%	1 (A++)			2 (AA+)	4/95	▼8/95	1 (AAA)	3/96	3 (A-)	▲10/95
Modern Wood/Amer.	57541	IL	\$ 2.19B	na	2 (A+)			-			3 (AA)	10/96	-	
Monumental LIC	66281	MD	\$ 3.7B	6%	2 (A+)		▲10/94	2 (AA+)			2 (AA+)	11/96	6 (B-)	
Mutual of Amer. LIC	88668	NY	\$ 7.0B	6%	2 (A+)			2 (AA+)	4/96		2 (AA+)	8/95	4 (B+)	
Mutual L. Assurance	81914	CN	\$ 16.92		1 (A++)			2 (AA+)	9/96		-		-	
Mutual LICNY (MONY)	66370	NY	\$ 11.4B	6%	4 (A-)	6/95	▼1/95	6 (A)		▲5/96	5 (A+)	8/96	9 (C-)	▲5/96
Mutual Trust LIC	66427	IL	\$ 0.8B	7%	3 (A)			5 (A+)	5/95		4 (AA-)	6/96	4 (B-)	
Nat'l Guardian LIC	66583	WI	\$ 0.7B	7%	4 (A-)		▼7/94	-			-		1 (A+)	
Nat'l Integrity LIC	75264	NY	\$ 1.0B	3%	3 (A)		▲10/95	6 (A)			5 (A+)	3/95	8 (C)	
National LIC of VT	66680	VT	\$ 5.8B	5%	3 (A)		▼9/95	5 (A+)			4 (AA-)	▼5/96	6 (B-)	
Nationwide LIC	66869	OH	\$ 35.7B	21%	2 (A+)	12/95	▼3/96	2 (AA+)		▼3/96	-		4 (B+)	
New England Life	66893	MA	\$ 16.3B	3%	4 (A-)		▼6/95	2 (AA+)		▲9/96	2 (AA+)		6 (B-)	▲10/95
New York LIC	66915	NY	\$ 59.4B	6%	1 (A++)			1 (AAA)	11/96	▼8/96	1 (AAA)	12/95	2 (A)	
N. Amer. Co./L&H	66974	IL	\$ 1.6B	8%	3 (A)			5 (A+)	10/96		-		7 (C+)	▲5/96
N. Amer. LAC	80756	CN	\$ 6.27B	-	4 (A-)			-		▲1/96	-		-	
N. Amer. Secur. LIC	90425	DE	\$ 5.0B	1%	1 (A++)		▲5/96	2 (AA+)		▲1/96	1 (AAA)	8/96	7 (C+)	
N. Atlantic LIC/Am.	67024	NY	\$ 1.0B	6%	(NR-3)	6/96		-			3 (AA)	6/95	-	
Northbrook LIC	88528	IL	\$ 3.5B	2%	2 (A+)			2 (AA+)			-		5 (B)	
Northern LIC	87734	WA	\$ 4.7B	5%	2 (A+)			4 (AA-)	3/96		3 (AA)	5/95	7 (C+)	
N'western Mutual LIC	67091	WI	\$ 54.9B	5%	1 (A++)			1 (AAA)			1 (AAA)		1 (A+)	
N'western Nat'l LIC	67105	MN	\$ 5.2B	12%	3 (A)	6/95	▲3/96	4 (AA)	1/95	▲3/96	3 (AA)	6/95	7 (C+)	

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Insurance Company Ratings

Company Legal Name	N.A.I.C.#	State Dom.	Admitted Assets	C&S Assets	A.M. Best's			Std & Poors			Moody's Invest.			Duff & Phelps			Weiss Research	
					Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd
Ohio Nat'l Life Assur.	89206	OH	\$ 0.7B	10%	2 (A+)			3 (AA)			5 (A1)	10/96		3 (AA)	11/95		5 (B)	
Ohio Nat'l LIC 67172	67172	OH	\$ 4.2B	5%	2 (A+)			3 (AA)			5 (A1)	9/94		3 (AA)	1/96		5 (B)	▲2/96
PFL Life Ins Co. 86231	86231	IA	\$ 7.2B	5%	2 (A+)	▲6/95	▲10/96	1 (AAA)	▲10/96		4 (Aa3)			2 (AA+)	11/96		6 (B-)	
Pacific Mutual LIC	67466	CA	\$17.6B	4%	2 (A+)	▲6/95		2 (AA+)	8/94		6 (Aa3)	10/95	▲9/94	2 (AA+)	11/96		4 (B+)	▲3/95
Pan-American LIC	67539	LA	\$ 1.8B	10%	4 (A-)	▼6/96		-			7 (A3)		▼8/95	5 (A+)	11/96	▼4/95	6 (B-)	
Paragon LIC	93564	MO	\$ 0.1B	8%	2 (A+)			4 (AA-)			-			3 (AA)	1/96		8(SC)	
Paul Revere LIC	67598	MA	\$ 3.3B	11%	3 (A)	3/96	▼4/95	4 (AA-)			6 (A2)	12/95		-			6 (B-)	▼10/95
Penn Insur. & Annuity	93262	DE	\$0.8B	7%	3 (A)		▼1/95	4 (AA-)	4/96		5 (A1)	12/94	▲7/94	4 (AA-)	6/96		7 (C+)	
Penn Mutual LIC	67644	PA	\$ 6.6B	5%	3 (A)		▼1/95	4 (AA-)	4/96		5 (A1)	12/94	▲7/94	4 (AA-)	6/96		7 (C+)	
Peoples Security LIC	64475	NC	\$ 5.1B	5%	2 (A+)			2 (AA+)		▼5/96	4 (Aa3)			2 (AA+)	9/96		6 (B-)	▲8/95
PHF LIC	84808	FL	\$ 0.2B	20%	6 (B+)			-			-			-			8 (C)	
Philadelphia LIC	97047	PA	\$ 1.5B	7%	3 (A)			-			-			6 (A+)	7/95		5 (B)	▲10/95
Phoenix Home Life	67814	NY	\$ 12.8B	5%	3 (A)		▲11/95	3 (AA)		▲11/95	4 (Aa3)	6/95		3 (AA)	10/96		6 (B-)	
Physicians Mutual Ins. Co.	80578	NE	\$0.8B	45%	3 (A)	▼6/95	▲7/95	3 (AA)			-			-			1(A+)	
Pioneer LIC of IL	68330	IL	\$ 0.4B	17%	5 (B+-)	▲6/96		-			-			6 (A)	3/96	▲8/95	7 (C+)	▲8/96
Presidential LIC	68039	NY	\$ 2.2B	9%	4 (A-)		▲11/94	-			15(Baa3	7/96		-			8 (C)	▲10/95
Primerica LIC	65919	MA	\$ 2.5B	27%	4 (A-)	4/96		-			4 (Aa3)	12/95		3 (AA)	9/96		5 (B)	
Principal Mutual LIC	61271	IA	\$ 51.3B	4%	2 (A+)	▼3/96		2 (AA+)	2/96		2(Aa1)	8/94		1 (AAA)	9/96		4 (B+)	
Protective LIC	68136	TN	\$ 5.7B	5%	2 (A+)			3 (AA)			5 (A1)	1/95		3 (AA)	6/96		5 (B)	
Provident Life/Accid.	68195	TN	\$ 11.8B	4%	3 (A)		▼10/94	5 (A+)	1/95		5 (A1)	10/95		4 (AA+)	10/95		6 (B-)	
Provident Mutual LIC	68225	PA	\$ 4.6B	4%	3 (A)	▼6/96		4 (AA-)	11/94		5 (A1)	12/95		3 (AA)	11/96		6 (B-)	▲7/95
Provident Nat'l Assur.	70866	TN	\$ 2.5B	6%	3 (A)		▼10/94	5 (A+)	3/96		5 (A1)	10/95	▼12/94	4 (AA-)	10/95	▼12/94	8 (C)	
Provident L & H IC	66605	MO	\$ 10.1B	5%	2 (A+)		▲5/96	2 (AA+)			5 (A1)			3 (AA+)	9/96		5 (B)	
Prudential Ins Co./Amer	68241	NJ	\$ 179.7B	4%	3 (A)	▼4/95	▼11/95	4 (AA-)	10/96		4 (Aa3)	8/95	▼4/95	3 (AA)	12/95	▼11/94	6 (B-)	
Reliance Standard LIC	68381	IL	\$ 1.8B	9%	3 (A)	▼11/94		7 (A-)	4/96		-			5 (A+)	7/96	▼12/95	8 (C)	
Royal Maccabees LIC	65765	MI	\$ 2.0B	7%	5 (B+-)	▼12/94		-			-			7 (A-)	11/95	▼4/95	8 (C)	
SMAL A.C.	84824	DE	\$ 4.1B	4%	3 (A)			-			(A1)	7/95		-			8 (C)	
SAFECO LIC	68608	WA	\$ 10.5B	4%	1 (A++)	▲6/95		3 (AA)	4/96		3 (Aa2)	3/95		3 (AA)	5/96		3 (A-)	▲2/96
Savings Bank LI/MA	70435	MA	\$ 1.1B	12%	2 (A+)			4 (AA-)			-			3 (AA)	5/96		5 (B)	▲9/95
Secur. Bene. LIC	68675	KS	\$ 4.7B	4%	2 (A+)		▼8/96	5 (A+)		▼8/96	6 (A2)	8/94		4 (AA-)	11/96		7 (C+)	

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Continued...

Insurance Company Ratings

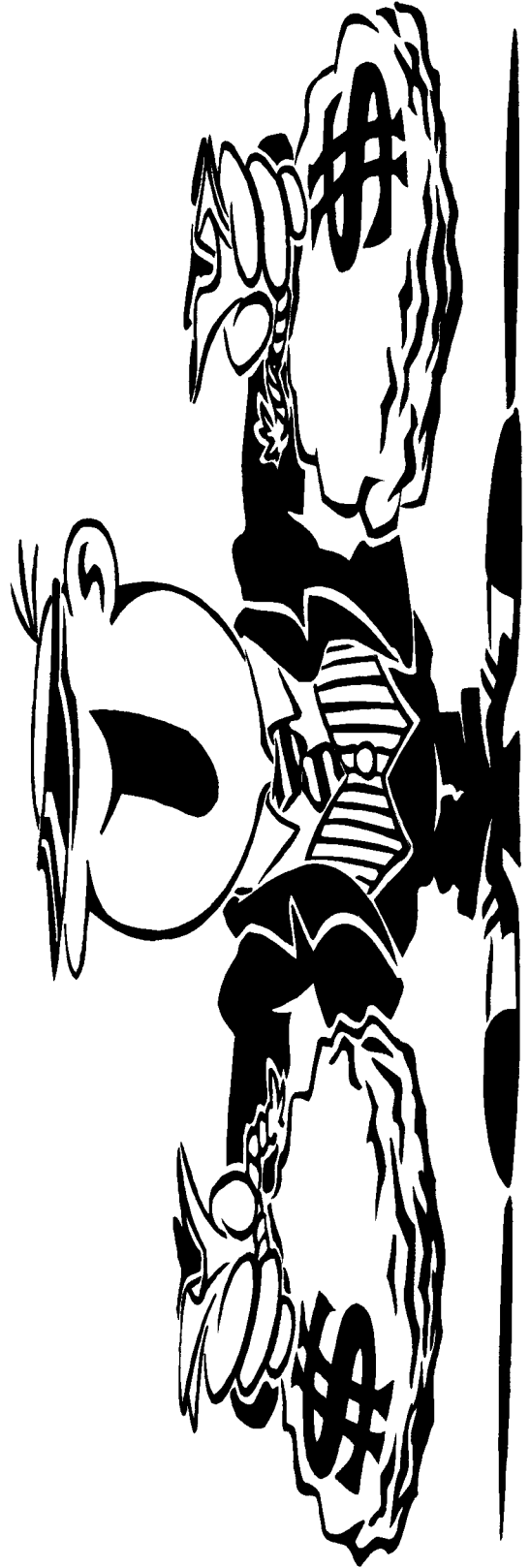
Company Legal Name	N/AIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's			Std & Poors			Moody's Invest.			Duff & Phelps			Weiss Research	
					Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd
Secur. Conn. LIC	91588	CT	\$ 1.5B	8%	3 (A)		▼11/96	5(A+)		▼6/95	8(Baa1)	10/96		-			6 (B-)	▼9/95
Secur. First LIC	61050	DE	\$ 2.2B	4%	3 (A)			3 (AA)			6 (A2)	10/96		-			8 (C)	
Secur. Life Denver	68713	CO	\$ 3.5B	7%	2 (A+)			3 (AA)		▼2/96	3 (Aa2)	9/95		1 (AAA)	9/94		3 (A-)	▼10/95
Secur. Mut'l LIC/NY	68772	NY	\$ 1.2B	4%	3 (A)	5/95		5 (A+)	3/95		-			5 (A+)	8/96	▼9/95	6 (B-)	
State Mutual L. Assur.	69140	MA	\$ 6.6B	9%	3 (A)			5 (A+)		▼4/95	5 (A1)		▼6/95	3 (AA)	5/95		8 (C)	
Southland LIC	68950	TX	\$ 1.2B	6%	2 (A+)			3 (AA)		▼2/96	3 (Aa2)	9/95		1 (AAA)	2/95		4 (B+)	▼5/96
Southwestern LIC	91391	TX	\$ 1.4B	5%	5 (B++)		▼1/96	14(BBB-)			11 (Ba2)		▲7/96	7 (A-)		▲3/96	11 (D)	▲10/96
Standard Insur. Co.	69019	OR	\$ 3.7B	6%	3 (A)		▼4/94	5 (A+)	11/95	▼6/96	6 (A2)	7/95		4 (AA-)	5/95		5 (B)	
State Farm LIC	69108	IL	\$ 20.3B	10%	1 (A++)			1 (AAA)			1 (Aaa)	5/95		1 (AAA)	5/96		1 (A+)	
State LIC	69116	IN	\$ 0.3B	6%	2 (A+)		▲10/94	3 (AA)		▲9/96	-			3 (AA)	6/95	▼11/96	8 (SC)	▼6/96
Sun America LIC	69256	AZ	\$ 6.5B	12%	2 (A+)		▲6/95	4 (AA-)	11/95	▼8/95	6 (A2)	10/96		3 (AA)	11/96		6 (B-)	
Sun Life Assur./Canada	n/a	CN	\$ 28.1B	14%	1 (A++)			1 (AAA)	5/95		2 (Aa1)	4/95		1 (AAA)	11/96		-	
Sun Life /Canada (US)	79065	DE	\$ 12.3B	6%	1 (A++)	11/96		1 (AAA)	9/96		2 (Aa1)	4/95		1 (AAA)	8/95		6 (B-)	▲2/95
Sunset LIC/America	69272	WA	\$ 0.4B	13%	3 (A)		▼11/94	5 (A+)		▼4/95	-			-			5 (B)	▼1/96
Teachers I Annuity(T/AA)	69345	NY	\$ 79.8B	5%	1 (A++)			1 (AAA)			1 (Aaa)	7/95		1 (AAA)	3/96		4 (B+)	
Time Insur. Co.	69477	WI	\$ 1.4B	35%	4 (A-)		▼4/96	6 (A)		▼11/95	-			-			4 (B+)	▼5/96
TMG LIC (W'in States)	70491	ND	\$ 1.2B	14%	1 (A++)		▲11/94	2 (AA+)		▼8/96	-			-			6 (B-)	
Transam. Life & Am.	69507	NC	\$ 13.9B	3%	2 (A+)			2 (AA+)	11/94		4 (Aa3)	2/95		2 (AA+)	10/96		5 (B)	
Transam. Occidental	67121	CA	\$ 14.1B	7%	2 (A+)			2 (AA+)	11/94		4 (Aa3)	2/95		2 (AA+)	10/96		5 (B)	
Travelers Insur. Co.	87726	CT	\$ 31.2B	10%	3 (A)	4/96	▲5/95	4 (AA)		▲11/96	5 (A1)	11/95	▲9/95	4 (AA-)	11/96		7 (C+)	▲10/95
Travelers Life/Annu.	80950	CT	\$ 1.9B	13%	3 (A)	4/96	▲5/95	4 (AA)		▲11/96	-			4 (AA-)	11/96		7 (C+)	▲10/95
Union Central LIC	80837	OH	\$ 4.1B	4%	3 (A)			5 (A+)			7 (A3)	11/94		5 (A+)	7/96		8 (C)	
United Companies	69876	LA	\$ 1.6B	6%	4 (A-)			-			-			5 (A+)	7/96		6 (B-)	▲9/95
Union Labor LIC	69744	MD	\$ 2.3B	6%	5 (B++)			7 (BBB)		▼5/96	-			6 (A)	8/95	▼7/96	10 (D+)	
United Amer. Insur. Co.	92916	DE	\$ 0.7B	22%	2 (A+)			2 (AA+)		▼6/95	-			-			3 (A-)	
United Investors LIC	94099	MO	\$ 1.7B	8%	2 (A+)		▼5/95	3 (AA)		▼9/96	-			-			2 (A)	
United of Omaha	69868	NE	\$ 7.5B	6%	3 (A)		▼6/96	3 (AA)			4 (Aa3)	8/95	▼7/95	3 (AA)	8/96		4 (B+)	
United Presid-ntial	70033	IN	\$ 1.1B	7%	4 (A-)			-			-			-			5 (B)	
United Services LIC	70084	VA	\$ 2.3B	9%	3 (A)	6/95		4 (AA-)		▲3/96	5 (A1)	7/96		3 (AA)	2/96		7 (C+)	▲2/96

Legend: Date following rating is the date rating was last affirmed. ▲ = date upgraded; ▼ = date downgraded.

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's			Std & Poors			Moody's Invest.			Duff & Phelps		Weiss Research	
					Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd	Rating	Affirm'd
UNUM LIC	62235	ME	\$ 9.9B	6%	1 (A++)			3 (AA)		▼1/95	2 (Aa2)	3/96	▼4/95	-		5 (B)	
USAA LIC	69663	TX	\$ 5.8B	6%	1 (A++)			1 (AAA)			2 (Aa1)	2/96		-		3 (A-)	
USG Ann. & Life Co.	61247	OK	\$ 6.1B	6%	2 (A+)	5/96		3 (AA)			5 (A1)	5/96		3 (AA)	5/96	6 (B-)	▲9/95
U.S. Life Ins Co.(NY)	70106	NY	\$ 2.5B	5%	2 (A+)			2 (AA+)			5 (A1)	2/96		-		7 (C+)	
Variable Ann. LIC	70238	TX	\$ 22.1B	3%	1 (A++)			1 (AAA)			3 (Aa2)	7/95		1 (AAA)		4 (B+)	
WM Life	85952	AZ	\$ 1.3B	8%	4 (A-)		▲6/95	-			-			-		7 (C-)	▲6/96
William Penn LIC/NY	66230	NY	\$ 1.1B	4%	3 (A)			-			5 (A1)			-		6 (B-)	▼5/96
West Coast LIC	70335	CA	\$ 0.7B	21%	2 (A+)			-			6 (A2)		▼3/96	-		5 (B)	
Western Nat'l LIC	70432	TX	\$ 8.6B	4%	3 (A)			4 (AA-)		▲9/96	6 (A2)	10/95		4 (AA-)	9/96	6 (B-)	▲10/95
W'tern Reserve LAC	91413	OH	\$ 2.9B	3%	2 (A+)			1 (AAA)		▲10/96	4 (Aa3)	9/95		2 (AA-)	11/96	6 (B-)	▲10/95
W'tern & Southern LIC	70483	OH	\$ 4.1B	19%	1 (A++)			1 (AAA)			-	3 (Aa2)	9/96	1 (AAA)	1/96	3 (A-)	
W'tern United LAC	77925	WA	\$ 0.9B	5%	7 (B)		▼6/95	-			-			-		11 (D)	▼9/95
Woodmen of the World	57320	NE	\$ 3.0B	-	2 (A+)			3 (AA)			-			-		-	
Zurich Amer. LIC	70661	IL	\$ 0.3B	9%	3 (A)		▲6/94	4 (AA-)	7/96		4 (Aa3)	3/96		3 (AA)	10/96	8 (C)	

Legend: Date following rating is the date rating was last affirmed. ▲ = date upgraded; ▼ = date downgraded.



Rating Agencies

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 guaranty 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
e	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

Financial Performance Rating (FPR)

The FPR measures the financial strength of small (NA-2) or new (NA-3) companies not eligible for a Best's Rating and is based on the following merical scale.

Secure Ratings

9.8.....	Strong
7.6.....	Above Average
5.....	Average

Vulnerable Ratings

4.....	Average
3.2.....	Below Average

No Rating Opinion

1.....	Not Assigned
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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 rating scheme uses a letter grade scale that ranges from AAA (highest) to R (lowest), (ie., AAA, AA, A, BBB, BB, B, CCC, R). The "AAA" rating, for example, 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 Agencies

As a group, the claims-paying ability ratings are divided into two broad classifications. Rating categories from 'AAA' to 'BBB' are classified as "secure" and indicate insurers whose financial capacity to meet policyholder obligations is viewed on balance as sound. Ratings categories from 'BB' to 'CCC' are classified as "vulnerable" and indicate insurers whose financial capacity to meet policyholders obligations is viewed as vulnerable to adverse economic and underwriting conditions. Plus (+) and minus (-) signs show relative standing within a category; they do not suggest likely upgrades or downgrades. For certain companies, the S&P rating includes a 'q' subscript, which indicates that the rating is based solely on quantitative analysis of publicly available financial data. In the case of claims-paying ability ratings, this is the statutory financial data filed with the National Association of Insurance Commissioners. *Annuity & Life Insurance Shopper* does not include the 'q' subscript rating.

RATING CATEGORIES

Secure Range:

- 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.

Vulnerable Range:

- 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) 208-1527.

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 (ie., Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C). For classes Aa to B, Moody's 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 prof-

Rating Agencies

itability, 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 ability.
BBB	
BBB-	
BB+	Uncertain claims paying ability.
BB	Protective factors are subject to change to change with adverse economy.
BB-	
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.

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 below. For further information contact Weiss Research, 4176 Burns Rd., Palm Beach Gardens, FL 33410; by telephone (800) 289-9222 or fax (407) 625-6685.

- 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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