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Business Offices:

United States Annuities, Inc.
8 Talmadge Dr.
Jamesburg, NJ 08831-9999

Tel: (732) 521-5110
Fax: (732) 521-5113

Publisher

Hersh L. Stern

Editor in Chief

Artemus Engle

Editors

Sharon Carullo
Laurie Stern

Subscriptions

Marlene Murphy

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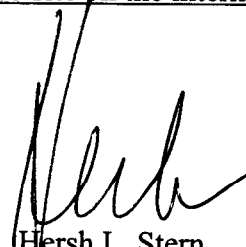
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A New Estate Planning Tool: Using the Roth IRA in an Irrevocable Trust

Much has already been written about the potential monetary advantages of a Roth IRA¹ versus a conventional "up-front-deduction" IRA.² This article does not deal with that subject.

This article will deal solely with the author's observations and comments regarding the use of the Roth IRA as a new, even exciting, estate planning vehicle. This article will first describe the author's conclusions of the statutory provisions and other authority on which the conclusions are based.

The author believes that the Roth IRA can be established as a trust³ which would have the following features: (1) part or all of an existing conventional IRA is either rolled over to, or converted into, an irrevocable Roth IRA trust;⁴ (2) the settlor retains no interest in, or powers over, the irrevocable Roth IRA trust; (3) the beneficiaries of the trust are the usual, natural objects of the settlor's bounty, principally children and grandchildren, and in some limited circumstances, the spouse; (4) no distributions may be made during the settlor's lifetime to anyone. The Roth IRA trust beneficiary designation must explicitly provide that the settlor irrevocably confirms that he or she will not receive any portion of the Roth IRA trust during his or her lifetime, the statute does not require distributions to be made during the settlor's lifetime.⁵

In the author's opinion, the following are the federal transfer tax consequences of such an arrangement:

First: There will be an immediate gift by the settlor of the amount set aside in the irrevocable Roth IRA trust. This will

be a gift of a future interest, not qualifying for the annual exclusion, because no distributions may be made during the settlor's lifetime to any beneficiary.

Second: As any other taxable gift, a gift tax may be payable, depending on the size of the gift and the amount of the settlor's remaining unified credit

fore, an immediate allocation of part or all of the settlor's remaining \$1,000,000 GST exemption may be made to the irrevocable Roth IRA trust when the grandchild is the beneficiary.⁷ This is, probably, the single most important estate planning advantage of using this type of trust. As a result, the income and principal appreciation of the Roth IRA

trust will be accumulating tax free during the settlor's lifetime. Therefore, even a rather modest amount put aside in an irrevocable Roth IRA trust for a grandchild could have a significantly increased value at the settlor's death, depending, of course, on the length of settlor's life. However, the greatest potential for the IRA's appreciation in value stems from the very long distribution period applicable to a grandchild.

For example, assume that a grandchild is 24-years old when the settlor dies; the maximum distribution period,

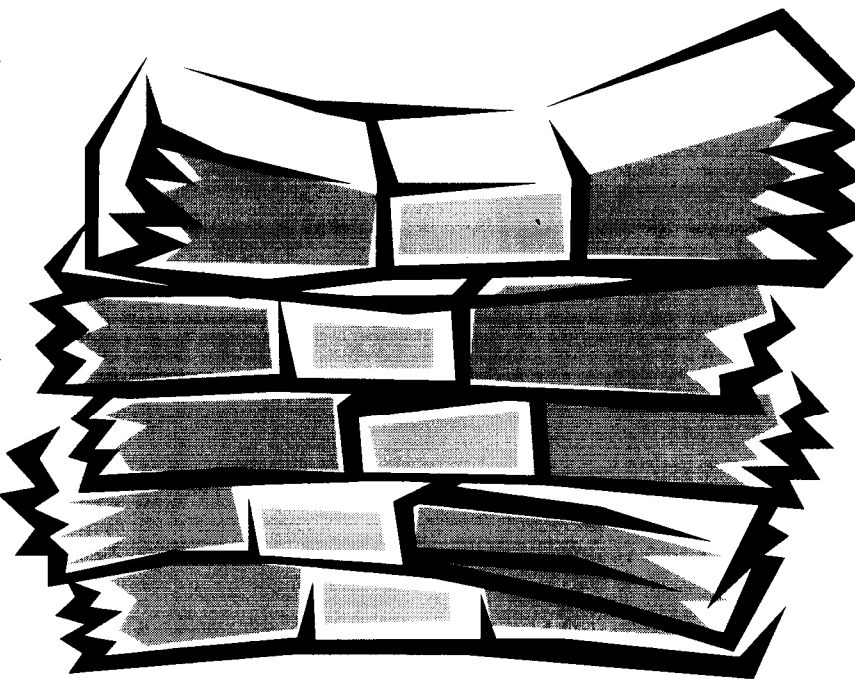
and the ability to split the gift. If the unified credit has been exhausted, an immediate gift tax will be payable.

Third: Because the settlor has retained no control over the irrevocable Roth IRA trust and is not entitled to any distribution from the trust during his or her life time, the value of the Roth IRA trust at the settlor's death will not be included in the settlor's federal estate.

Fourth: Because the value of the irrevocable Roth IRA trust will not be included in the settlor's federal gross estate, the so-called estate tax inclusion period (ETIP) rule⁶ for generation-skipping transfer tax purposes will not be applicable. There-

based on the grandchild's life expectancy at age 25 (the year following the date of settlor's death), is 57 years.⁸ Accordingly, the annual amount required to be distributed after the settlor's death begins at approximately 1 3/4% of the value of the IRA, and the percentage slowly increases as the divisor is reduced by "1" for each subsequent year, e.g., at grandchild's age 50, the divisor would be reduced to 32, requiring a distribution of 3.125% of the value of the Roth IRA trust at that time. Any appreciation in excess of these minimum-required distributions can stay in the IRA trust to earn additional appreciation on a compounded, tax-free basis. Of course,

(Continued on page 8)



(Continued from page 7)

when and to what extent the funds can be withdrawn after the settlor's death by, or for the benefit of, the grandchild will be controlled by the terms of the beneficiary designation governing the Roth IRA and the terms of the IRA.

Let's now examine the legal basis for the foregoing conclusions.

The tax policy behind the Roth IRA concept, as stated in the Congressional Committee Report, is that "individuals should be encouraged to save" and that "[s]ome taxpayers may find such a [Roth IRA] vehicle more suitable for their savings needs."⁹ In a very practical way, the Roth IRA permits an individual to save for the benefit of his or her children and grandchildren after death. Particularly in view of the prevailing very high educational costs, such savings should be encouraged. Funds saved in an irrevocable Roth IRA trust during the settlor's lifetime will become distributable free of income taxes to the beneficiaries.¹⁰

This new ability to eliminate distributions from an IRA to the settlor during his or her lifetime is a fundamental policy concept of Roth IRAs which is clearly spelled out in Code Sec. 408A(c)(5)(A)&(B). Under these provisions, there is no mandatory distribution during the settlor's lifetime. Simply stated, all that the settlor is doing by establishing an irrevocable Roth IRA trust is confirming his or her right to forego distributions during his or her lifetime. This ability to eliminate irrevocably distributions during the settlor's lifetime is the key provision which makes the Roth IRA trust such an attractive estate planning vehicle, because amounts held in a properly drafted irrevocable Roth IRA trust can be excluded from the settlor's federal gross estate. In a well drafted irrevocable trust, the settlor has no taxable interest in, or control over, the irrevocable Roth IRA trust.¹¹ Accordingly, the transfer tax consequences are identical to those of any other irrevocable inter vivos trust in which the settlor has no taxable interest or power, i.e., there is a gift tax (reduced by any remaining unified credit), but no estate tax.

Because the statute authorizes zero distributions from a Roth IRA during the settlor's lifetime, the transfer tax

situation is entirely different from a conventional IRA, which *requires* distributions to be made under Code Sec. 408(a)(6) to the IRA owner during his or her lifetime. To the author, an irrevocable confirmation of the settlor's intent to forego lifetime distributions is not an "assignment" of the IRA which might be considered to adversely affect the tax results discussed above.

For income tax purposes, the settlor has already taken the amount of the rollover to the Roth IRA into income and, therefore, has a basis in the Roth IRA.¹² Therefore, even if the irrevocable confirmation of zero lifetime distributions to the settlor could, somehow, be treated as an assignment, there would be no adverse income tax consequences, because there would be no further realization of income. Unlike a qualified plan, there is no requirement that an IRA must contain a provision that the benefits cannot be assigned. In contrast, Code Sec. 401(a)(13) explicitly requires that a qualified plan must provide that benefits "may not be assigned or alienated."

For transfer tax purposes, the irrevocable transfer of funds to beneficiaries by a living individual is a "gift," a taxable event. Calling a "gift" an "assignment" does not change transfer tax consequences. It is the conclusion that the establishment of an irrevocable Roth IRA trust *does* constitute a gift that, in turn, produces the favorable estate planning opportunity.

Finally, there is no policy reason, in the author's opinion, why an irrevocable confirmation that the settlor foregoes (renounces, disclaims—pick any word you like) all lifetime distributions from a Roth IRA should be treated differently than any other irrevocable gift by the settlor. The settlor, as in any such gift, is parting with property that he or she could retain and use during his lifetime. The establishment of an inter vivos irrevocable Roth IRA trust is wholly consistent with the statutory policy which explicitly contemplates an individual's decision not to have distributions made to him or her during lifetime.

ENDNOTES

¹Code Sec. 408A, effective January 1, 1998.

²Whether there is an advantage or a disadvantage in switching to a Roth IRA depends on the assumptions relating to tax rates, investment returns and the time period for the required minimum distributions.

³The author prefers the use of a trust IRA, rather than a custodial IRA. A trust IRA is particularly desirable if the Roth IRA is established for a grandchild, because the period of distribution could be very long. Practitioners and their clients are accustomed to the use of trusts for long periods.

⁴Code Sec. 408A(d)(3).

⁵Code Sec. 408A(c)(5).

⁶Reg § 26.2632-1(c)(2).

⁷This assumes that the settlor's child, the parent of the grandchild, is then living. See Reg § 26.2612-1(a)(2).

⁸Reg § 1.72-9 Table V; Prop Reg 1.401(a)(9)-1 Q&A E-2(a).

⁹Sen. Rep. No. 105-33, 105th Cong. 1st Sess. Revenue Reconciliation Act of 1997, at 29 (June 20, 1997)

¹⁰Code Sec. 408A(d)(2)(A)(ii).

¹¹Code Sec. 2037 does not include any amount in the settlor's taxable estate, because he or she would not have a reversionary interest.

¹²Code Sec. 408A(d)(3)(A)(i) and (C).

Article written by Mervin M. Wilf, Esq. The author's address is 3901 Mellon Bank Center, 1735 Market Street, Philadelphia, PA, 19103. Reprinted from Pension and Benefits Week, October 27, 1997 issue, Research Institute of America Group. Subscriptions: 800-421-9025, \$275/yr.



Some Basic Guidelines On Medicaid Impoverishment And Coverage For Nursing Home Care

• **Your income.** The amount of income you may collect and still qualify for Medicaid to pay your nursing-home bills varies from state to state and changes periodically. In most states, if you spend all your income on nursing-home costs—minus a small personal-needs allowance, typically less than \$100 a month—Medicaid will cover the balance of the nursing home's charges.

Nineteen so-called income-cap states, however (Alabama, Alaska, Arizona, Arkansas, Colorado, Delaware, Florida, Idaho, Iowa, Louisiana, Mississippi, Nevada, New Mexico, Oklahoma, Oregon, South Carolina, South Dakota, Texas and Wyoming), restrict Medicaid eligibility to people who have incomes below a maximum that rises annually with inflation. The states' income cap for 1998 is \$1,482 a month.

• **Your assets.** The value of the assets you can keep also varies by state, though most set the limit at \$2,000 for an individual. Your house is also exempt if you expect to return to it after leaving the nursing home or if your spouse lives there.

If you enter a nursing home and your spouse doesn't, he or she can keep more income and assets than permitted under the eligibility rules summarized above. In general, Medicaid eligibility consider all assets owned by either spouse, then allows the spouse still living at home to keep half of the couple's assets up to state-by-state limits. By federal law, the total can't be less than \$15,804 nor more than \$79,020. These amounts rise with the cost of living.

Now here are the basics of giving away assets to qualify for coverage, which is where lawyers get nervous:

• **Transferring assets to someone other than your spouse.** When you apply for Medicaid, you must disclose any gifts you've made to people other

than your spouse within the past 36 months. Such asset transfers result in a period of ineligibility for Medicaid. Government bureaucrats calculate the waiting period by dividing the value of the assets you've given away by the average monthly cost of nursing-home care in your state or region. (You can ask your state Medicaid office, usually located in the state capital, for the average monthly cost of nursing-home care in your area.) For example, a Massachusetts resident who disposes of \$45,000 can't receive Medicaid for the next 10 months because the average monthly cost of a nursing home there is \$4,500, and applying during the 10 months is illegal.

• **Transferring assets to an irrevocable trust.** Trusts established to qualify you for Medicaid involve waiting periods too. Though some exceptions apply to individuals defined as disabled under the Social Security laws, most people who dispose of their assets by putting them in a trust must work within tight constraints. For an irrevocable trust to be effective, says Boston attorney Alexander A. Bove Jr., author of *The Medicaid Planning Handbook* (Little Brown; \$12.95), you must not have the option of tapping its principal.

When you apply for Medicaid, you must disclose whether you or your spouse ever created a trust or whether either of you is the beneficiary of a trust. If you answer yes to either question, you must produce a copy of the trust document, plus records of all trust transactions and distributions that have occurred within 60 months of your Medicaid application. Again, transfers and distributions can create a waiting period. The length of time you must delay applying for Medicaid will depend on the amount of assets involved and the average monthly fees for nursing-home care in your area.

Reprinted from Retire With Money (3/98), Time and Life Building, Rockefeller Center, New York, NY 10020.

Beneficiary Allowed To Consolidate Five IRAs After Owner's Death

An individual who inherits an IRA from someone other than his spouse may not roll over the inherited IRA into his or her own IRA. (Code Sec. 408(d)(3)(C)) Thus, if an individual inherits an IRA from his mother, for example, he cannot rollover the IRA into his own IRA even though he prefers the way his own IRA is invested. Despite the rollover bar, a recent letter ruling shows a way that an individual who inherits one or more IRAs from someone other than his spouse can get them into a single IRA invested in the way he sees fit without violating the no rollover rule and without being currently taxed. (*IRS Letter Ruling 9737030*)

Facts of Ruling. Catherine Murphy established separate IRAs at five different financial institutions and began receiving distributions after she reached age 70-1/2. After she died, her son, James, who was the beneficiary of all five IRAs, wanted to consolidate the IRAs into a single IRA. James proposed to set up an IRA account at a trust company in his mother's name and then have the five IRAs transferred in trustee-to-trustee transfers to the new IRA.

The ruling observed that it is neither the IRA participant nor the trustees or custodians of the IRAs who wish to initiate the transfer but rather the beneficiary. The ruling said that as long as the new IRA is maintained in Mrs. Murphy's name, the transfer from the other IRAs won't be treated as a distribution or payment to James.

observation: The opportunity to do post-death tax-free trustee-to-trustee transfers of funds inherited from a parent may be particularly useful where the parent invested the funds in bank certificates of deposit to provide a needed stream of income and to avoid risk and the child desires to place the IRA funds in a brokerage account, e.g., to invest in growth stocks.

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Use This List To Make Sure You Get All The Pension Money You're Owed

Workers are increasingly being short-changed by employers whose pension plans shut down. Seven times since 1988, the government's Pension Benefit Guaranty Corporation, which insures private plans, has audited lump-sum payments to employees whose fully funded defined-benefit plans have been terminated. The results show a steady increase in the estimated number of workers who got less than they should have—from 2.8% for plans that closed between April 1, 1986 and Feb. 29, 1988 for 8.2% for plans terminated in 1994 and 1995.

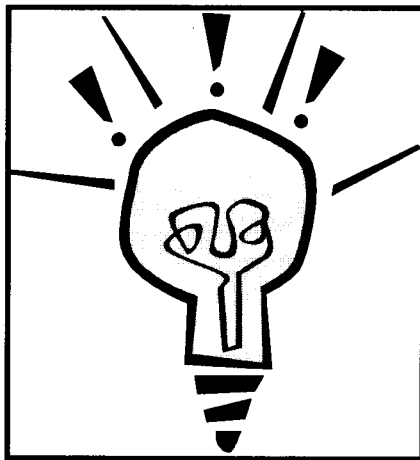
To help you figure out if you're getting all the money you deserve, the U.S. Department of Labor has issued a checklist of the most common errors in pension calculations. When verifying your benefit, look for the following mistakes:

- **Failure to include all of your compensation**, including commissions, overtime, bonuses and all your years of service
- **Use of incorrect data**—especially the interest rate or the date you become eligible for Social Security benefits if they're coordinated with your plan
- **Wrong basic information**, such as your birth date, Social Security number, new marriage or death of a spouse
- **Undervaluing the assets** in your account
- **Your employer's failure to contribute** on your behalf
- **Mistakes in math**

If you find an error, first try to resolve it with your plan administrator. If that doesn't work, ask your local bar association for a referral to a lawyer who specializes in pension law. Or call the private National Center for Retirement in Northbrook, Ill. at 800-666-1000. The center's staff will investigate, and if they find a mistake, they'll help you collect the money you're owed. The center's fee is 30% of the amount recovered if you're an individual and 25% per person

if 10 or more people are involved. If the math was correct, the service is free.

Reprinted from Retire with Money, September 1997. Time and Life Building, Rockefeller Center, New York, NY 10020.



SPIAs & Munibond Replacement

Muni-bond holders are among the most difficult people to whom you can sell an annuity. I approach such prospects with the YMCA plan, which means "your money comes again."

Let's look at an actual case. My client, Thelma, is a 75-year-old widow who inherited from her late husband a \$1,000,000 municipal bond portfolio that yields 5.5% free of federal income tax. She was receiving \$55,000 a year in income, but this created a problem for her because her spouse handled all of the financial affairs.

Not only does she have to take charge, she has to deal with market risk associated with the rise and fall of interest rates. Then, as current interest rates declined, her higher yielding issues were starting to be "called," and she had to reinvest at lower yields. And finally, the bonds are now part of her taxable estate. This is where the YMCA plan comes to the rescue. I begin by asking the following questions:

"Thelma, would you be interested in a program that provides you with the same income but is exempt from market risk and early redemption? Plus as an added extra benefit, your \$1 million asset would be totally tax free to your heirs?"

These two questions will get the prospect's attention. I also knew she was in excellent health for her age and could qualify for life insurance.

"Thelma, we have to do two things, and not necessarily in this order. First, we liquidate the bond portfolio and purchase a life-only immediate annuity for \$1 million."

The best rate I could find for her was \$9,415.87 a month, which is \$112,990 a year, more than double the bond income. Because it is a return of principle, \$79,989.84 (70.8%) is excluded from her income tax.

In her 28% federal tax bracket, she will pay \$9,287 a year. This leaves her a net annual income of \$103,703 (\$112,980-\$9,287). This is \$48,703 more a year than her bond portfolio.

I then suggest, "Thelma, the second step is to use the additional income and purchase a \$1 million life insurance policy, which an irrevocable trust owns. Trust ownership will keep the proceeds out of your estate."

There are several benefits for Thelma. She has removed the \$1 million from her estate and not suffered a loss in income. The immediate annuity is secure and provides a consistent monthly income. She never again has to worry about bonds being called or having to reinvest her principle.

In short, this is a win-win situation. She wins by having the peace of mind that her income will continue for the rest of her life and she distributes the \$1 million asset in the most tax efficient manner. And the agent wins by earning commissions from solving the prospect's problem, which is what we get paid to do!

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Health Plan Forced to Cover Participant Shot By Police in Domestic Incident

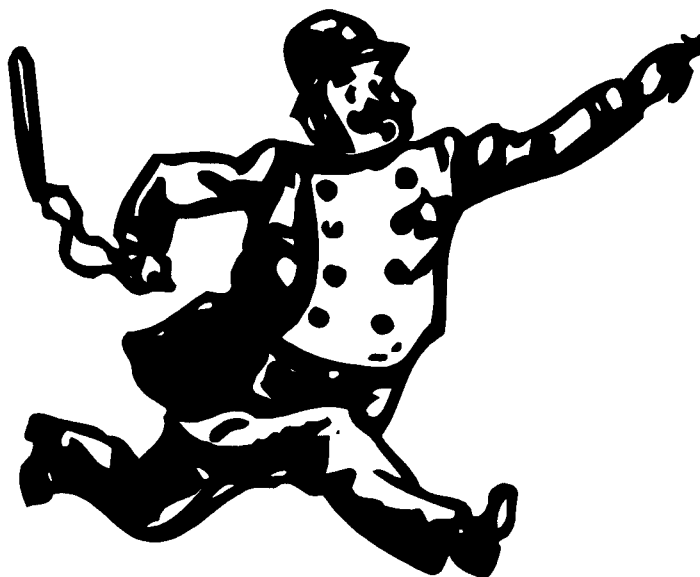
A welfare benefit plan that precluded coverage of treatment of accidental injuries incurred in the course of an illegal activity nonetheless had to cover a participant's gunshot wounds inflicted by a policeman during intervention in a domestic dispute, because of the less restrictive terms of the plan's SPD, the Seventh Circuit ruled. *Williams v Midwest Operating Eng'rs Welfare Fund* (1997, CA7) 1997 WL 601077)

Monroe Williams was covered by a health insurance plan maintained by the Midwest Operating Engineers Welfare Fund (the plan). Williams was shot five times in the legs by a Gary, Indiana police officer who was intervening in a domestic violence episode in which Williams sought forcible entry into an apartment where his estranged girl friend was staying. The plan refused to cover the expenses of treating the wounds, which totalled more than \$200,000, on the basis of a plan provision that precluded payments for a participant's accidental injury if the injury occurred as a result of an intentional incident. The plan's SPD, however, made no reference to the exception for intentional incident. The plan's SPD, however, made no reference to the exception for intentional occurrences in describing the benefits payable for accidental injuries. Williams filed an ERISA suit for nonpayment of benefits in federal district court, alleging that the SPD should dictate the payment of benefits where it and the plan document were in conflict.

The district court granted summary judgment in the plan's favor for three

reasons: (1) that, since Williams had not relied on the SPD, its terms were not binding; (2) that the plan administrator's interpretation of the plan itself was not arbitrary and capricious; and (3) that to cover Williams' injuries would "reward him for committing illegal acts." Williams appealed.

The Seventh Circuit reversed the district court and ordered the plan to cover William's medical expenses. In the appellate court's opinion, Williams correctly had asserted that the SPD took precedence over the more restrictive plan document. To hold otherwise, the court said, would render meaningless ERISA's requirement that a SPD communicate the essential elements of a plan participant's cover-



age.

The Issue of Reliance. Moreover, the court continued, there was no basis to the plan's assertion that Williams was not entitled to benefits in any case because he had not "relied on" the SPD in incurring the medical expenses in question. William's conduct could not bear any realistic relation to his interpretation of the SPD. In the court's estimation, it was not credible that Williams's aggressive stance with the police officer who shot him ever could have been affected by the type of health insurance coverage that Williams had—in sum, reliance simply was not an issue. Regardless, the court

reasoned, reliance, if it were requisite, could have occurred when Williams filed his claims for benefit, or even when an individual selects a plan among several option choices.

A Question of Illegality. Likewise, the Seventh Circuit dismissed the argument adopted by the district court that William's illegal act should not be rewarded. Apparently, the court said, the district court believed that William's allegedly illegal act, threatening the police officer, led to his shooting, and thus that coverage for the medical care he required would constitute a "reward" for engaging in an illegal act. Reasoning that a contract, to be enforceable, must not reward illegal activity, the district court decided that coverage could not apply. However, said the Sixth Circuit, the illegality involved in this instance was "far less directly connected with any economic benefit" than typically is the case in an "illegality" analysis. William's insurance contract, the court explained, did not engage Williams for the purpose of illegal activity, nor did it encourage him to commit illegal acts. "This situation is not like committing murder to collect the benefits of insurance on the victim's life.

Nor was the policy here acquired with the forthcoming altercation in mind," the court determined. In sum, the appellate court concluded, benefits were payable under the plan (1) because it contained no exclusion for illegal acts, and (2) Williams had not acquired the coverage with the thought of committing an illegal act.

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Pension Account Balance Protected From Bankruptcy

ERISA's anti-alienation provision applied to a 51% shareholder's profit-sharing plan account even though the shareholder, as trustee, authorized loans from the plan to himself in violation of ERISA. Thus, the account balance was not included in the shareholder's bankruptcy estate. (*In re Jerome D. Baker* (1997 CA7) 1997 US App LEXIS 11813)

Financial difficulties. Jerome D. Baker owned 51% of the stock of Bakco Data, Inc., a company that encountered severe financial difficulties. Baker used money borrowed from his account in Bakco's profit-sharing plan in an unsuccessful attempt to keep Bakco afloat. The amounts Baker borrowed from the plan exceeded levels, and he didn't attempt to repay the loan. Despite Baker's efforts, Bakco failed and Baker filed for Bankruptcy protection.

Baker's creditors asked the bankruptcy court to include Baker's remaining profit-sharing plan account balance in his bankruptcy estate. The bankruptcy court held that Baker's profit-sharing plan account was excluded from Baker's bankruptcy estate under *Patterson v Shumate* (1992 SCt) 504 US 753, 119 LEd 2d 519. The district court affirmed and Baker's largest creditor, LaSalle Bank, appealed to the Seventh Circuit.

Protection For ERISA-Qualified Plans. The seventh Circuit agreed that Baker's interest in his profit-sharing plan account was excluded from his bankruptcy estate. Under Bankruptcy Code Sec. 541(c)(2), a bankruptcy estate doesn't include property held in trust subject to a restriction on transfer under "applicable nonbankruptcy law." In *Patterson*, the Supreme Court held that an interest in an "ERISA-qualified" pension plan may be excluded from the bankruptcy estate. But, as the Seventh Circuit noted, the term "ERISA-qualified" doesn't appear in ERISA, and "its provenance is mysterious."

The Seventh Circuit understood the term "ERISA-qualified" to mean simply

pension plans containing the anti-alienation clause required by ERISA § 206(d)(1). The Bakco profit-sharing plan was an employee pension benefit plan under ERISA § 3(2)(A) that contained the required anti-alienation clause, so Baker's interest in the plan was excludable from his bankruptcy



estate.

LaSalle Bank argued that the Bakco plan was not an *employee* benefit plan under ERISA because Baker, as majority shareholder, was an employer, not an employee. The court rejected that argument, recognizing that Bakco, the corporation, was a separate legal entity from Baker, the person. And Labor Reg § 2510.3-3(c)(1), which says that the sole owner of a corporation is not an "employee" for ERISA purposes, didn't apply since Baker owned only 51% of Bakco stock. Further, the regulation means only that ERISA doesn't cover the plan of a one-person corporation without other employees. Here, the Bakco plan had 18 participants at one point, so Labor Reg § 2510.3-3(c)(1) wouldn't have applied even if Baker was Bakco's sole owner. And the plan remained an ERISA plan even though Baker was the only remaining participant at the time of his bankruptcy. That was exactly the situation in *Patterson*—the bankrupt employee was the only remaining plan participant there.

The Bakco plan's status as an ERISA-qualified plan wasn't affected by the fact that Baker, as trustee, permitted the plan to make loans that violated ERISA requirements. The loan amounts exceeded ERISA limits, and the loans were issued without written request, spousal consent or adequate security. Still, the ERISA violations didn't make the ERISA § 206(d)(1) anti-alienation provision inapplicable. And there's no applicable "equity" exception in either the Bankruptcy Code or ERISA, so it's irrelevant whether it's inequitable to allow Baker to flout his duties as plan trustee and then invoke ERISA as a shield.

Creditor's Unwise Concession?

LaSalle Bank conceded, according to the court, that if the Bakco plan was ERISA-qualified, then Baker's entire account was protected by the ERISA § 206(d)(1) anti-alienation provision. The court noted that *Patterson* held only that ERISA was applicable non-bankruptcy law under the Bankruptcy Code, not that the entire balances in ERISA-qualified plans were necessarily protected from creditors. For example, the court indicated that it may have been receptive to an argument that Baker's account balance was includable in his bankruptcy estate if it was readily available for withdrawal by Baker. But LaSalle Bank didn't make that argument, so the court didn't "pursue the question."

Observation: The creditor's concession was probably prompted by the Third, Eighth, Ninth, and Eleventh Circuits' rejection of the argument that the bankruptcy estate should include plan assets that the debtor-participant could have withdrawn. The Seventh Circuit apparently is inviting creditors and bankruptcy trustees in future cases to advance the argument rejected by the other circuits.

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Annuities And Medicaid

Using annuities to protect assets from the nursing home expense has become very popular. Two recent books on the subject, *The Medicaid Planning Handbook* by Alexander A. Bove, Jr. and *Avoiding the Medicaid Trap* by Armond Buddish, specifically discuss the use of annuities to avoid Medicaid seizure. In fact, two insurance companies have designed deferred annuity products with features that are implemented at the appropriate time to get around Medicaid rules.

The recent passage of the Kennedy Kassebaum Bill firmly establishes annuities as a viable tool to protect assets from Medicaid spend down. Why annuities? An annuity is unique in that a deferred annuity can be annuitized or converted from an asset form to an income form like a guaranteed pension. This can be a lifesaver if you exceed the Medicaid asset test limit. Converting the asset to income can sometimes enable the applicant to pass the asset test.

Another use is with the immediate annuities where funds are placed in an immediate annuity, thereby instantly converting assets to income. Although using annuities in this manner may be beneficial in the right situation if structured properly, there are many potential disasters with using annuities to shield assets:

1. Many states' rules for Medicaid differ greatly. It is important to learn as much as possible about your own state's specific rules.

2. The annuity must be annuitized prior to applying for Medicaid. Many consumers who own deferred annuities will not remember that they must annuitize the policy prior to applying for Medicaid. Once the Medicaid applicant reveals that their annuity is a deferred annuity, then it's too late. Medicaid (Social Services) will order the policy owner to either cash in the annuity for

spend-down or simply disqualify the applicant for having assets that exceed the qualifying amount.

3. If you purchase an annuity for the purpose of protecting your money from nursing home spend down, there is no guarantee that Medicaid will not simply change their qualification rules in order to disqualify such Medicaid applicants. The government is an ex-



pert at changing the rules.

4. Under the Kennedy Kassebaum and OBRA '93 Act, an annuity must have life expectancy payout rates that are in accord with the latest social security mortality tables. Many insurance companies' payout rates are not in compliance.

5. Some annuities will not allow you to annuitize the first year. Therefore, if your situation should require annuitization during the first year, you would simply be out of luck! (There are other annuities that will not allow annuitization for 5-15 years.)

6. If a deferred annuity is purchased to shield assets against Medicaid, the purchaser will often make a spouse the annuitant, so that in the event of nursing home confinement, the deferred

annuity can be annuitized with income going to the spouse. However, if the annuitant predeceases the annuity owner, the death benefit is triggered. In some cases, a surrender charge is charged upon the death of the annuitant. In addition, the owner of the annuity will receive notice from the IRS for the taxable gain, not a pleasant experience. Finally, since the spouse is usually the primary beneficiary, the proceeds will be made payable to the contingent beneficiary. This is most likely the children and not the owner of the policy. This scenario could cause exercise of your E&O.

7. Many purchasers do not understand how Medicaid actually works and therefore are not qualified to engage in this type of planning.

8. OBRA 93 established and mandated a 60-month look back for deferred annuities. Many State Medicaid offices use this provision to initiate or trigger the ineligibility

penalty period, creating an array of problems that may ultimately be attributable to ownership of a deferred annuity.

9. Using an annuitized annuity to shield assets loses its glitter when it comes to single individuals, since the annuitized income cannot be directed to another individual as with married couples and the income stops should the income recipient die.

10. What happens when the annuitant simply dies? You cannot attempt to qualify for Medicaid by annuitizing your policy with the intention of passing excessive monies to your heirs. Under the Estate Recovery rules passed by OBRA 93, any income that continues to heirs after your death could be subject to recovery by Medicaid.



11. It is worth considering that if you annuitize based on your life expectancy, the interest rate provided by the company may be quite low!

12. If the annuity owner has to enter a nursing home because he has become incapacitated or mentally incompetent, who can make the decision to either gift the annuity policy or simply annuitize it? No one can, unless there is a durable power of attorney which grants such power. Even having a durable power of attorney is no guarantee, since many documents do not contain the requisite language for gifting or annuitizing such a policy.

13. You cannot use a section 1035 exchange to avoid some of the problems mentioned above (see, for example, items 4, 5, and 6) because this procedure requires that the owner and annuitant in the successor contract remain the same.

In short, my advice to anyone considering the purchase of an annuity to shield their assets from Medicaid is: Let the buyer Beware!

Solutions

1. Only purchase annuities that allow annuitization based upon the life expectancy factors of SSI. Many departments of Social Services (the arm of HCFA that administers Medicaid) will not permit a payout annuity that uses different life expectancy factors.

2. The applicant and his or her spouse should apply as Joint Annuitants. If either one has to enter a nursing home, the

company can simply drop the other annuitant. (Or, work with an annuity contract that allows annuitant changes.)

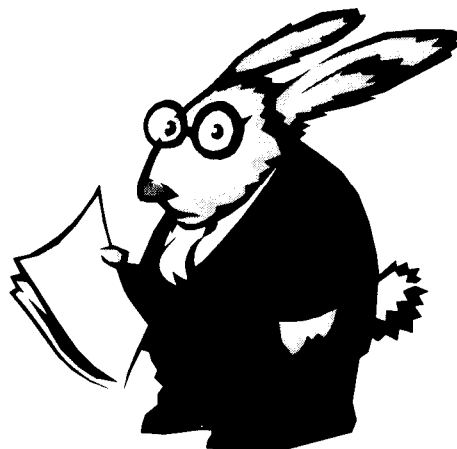
3. Only purchase deferred annuities that will allow the annuitant to annuitize in the first year, since most deferred annuities will not allow annuitant to annuitize within the first year should the annuitant become nursing home bound within the first year. (Unless you use an immediate annuity.)

4. Most annuity contracts are "owner friendly" as opposed to "annuitant friendly." Work with annuitant-driven contracts.

5. Always condition a prospect at point of sale to get in touch with you immediately should he require nursing home confinement. If the applicant does contact you prior to confinement, it may require him to cash out, annuitize, change annuitants, etc.

6. I strongly suggest that you work with a qualified Elder Law Attorney. It is critical that you learn what the key issues are and fully understand the use of annuities in Medicaid planning.

Article by Tyrone M. Clark, founder of Brokers' Choice of America, Inc., a firm that specializes in insurance products for the seniors market.



Annuities Sales Continued Spectacular Rise in 1997

Total annuity considerations increased 13 percent in 1997 over 1996, reaching a record-breaking \$125.5 billion. Variable annuity sales increased 20 percent to a record \$87.2 billion while fixed annuities fell 2 percent to \$38.2 billion. These preliminary estimates by LIMRA International show that annuity sales have more than tripled in the decade of the 1990s. Qualified plans increased 14 percent for the year while nonqualified plans increased 13 percent. Periodic pay annuities increased 23 percent while single pay annuities increased 4 percent. Agents continued to be the dominant distribution system, accounting for approximately half of all sales, although banks enjoyed the greatest increase in sales, improving from their sales by 24 percent, to about \$18.5 billion.

Prepared by the Industry Performance Research unit at LIMRA International. Contact J. Scott Dunn at 860-285-7751 or sdunn@limra.com for more information.

Annuity Sales Estimates

Year	Variable	Fixed	Total
1985	\$ 5.3	\$23.6	\$28.9
1986	9.3	20.6	29.9
1987	12.7	23.8	36.5
1988	11.8	37.1	48.9
1989	13.5	39.7	53.2
1990	17.2	47.7	64.9
1991	21.5	46.2	67.7
1992	30.7	43.0	73.7
1993	47.0	38.7	85.7
1994	51.7	47.2	98.9
1995	49.3	49.4	98.7
1996	72.5	38.9	111.4
1997	87.2	38.2	125.5

Microsoft's Hidden \$30 Billion Liability: Employee Stock Options

On a personal note, I thought some of you might like to read the above news item that I found on the web. It is well known that stock options are just another form of long term liability, but S&P reports and Value Line reports don't seem to mention them. I guess the reason is that in the past they were actually very low percentages of the total liabilities of a firm. However, with these stock option grants increasing and the irrational increase in technology share prices, these liabilities have increased to large proportions.

When you look at Microsoft's S&P report it says 0% long term debt, but nowhere does it say that this company has a \$30 billion liability in the form of stock options to employees. It will take them approximately 12 years of 1996 earnings to pay for all this liability, and the worst part is that as the stock rises so does the liability.

The Financial Accounting Standards Board (FASB) does not require companies to show the 'stock option' liability in the balance sheets because they claim that valuing these options "is very difficult." As a result, all that companies do is place in tiny footnotes the information about the current outstanding options to employees.

I used to work at Microsoft and, to be honest, I would not have worked there at all if it were not for the juicy options that these guys give to most employees. Because the basic pay at Microsoft is no better than the average for the industry, everyone in Microsoft views options as an important part of their compensation. However, these options do not appear as employee or payroll expenses, which in reality they are. It also makes the company's gross margins look much better.

According to my research with the Financial Accounting Standards Board, when these options are granted, there is

NO accounting entry. If the options expire worthless, there is no entry. If the option is exercised in the money, then the entry is debit cash (the cash that the optionholder gives the company to purchase the stock), and credit the additional paid in capital for the same amount. So, from a balance sheet perspective, it looks as if the company is issuing stock (or selling stock from its treasury) at the strike price of the option holders.

Since the company is issuing more shares, they dilute their current shareholders. As a result, the only way to stop this dilution, is to go into the open market and buy shares (using up cash). The result: credit cash, debit the shareholder equity accounts. When they buy the shares, however, they pay the current market value which, in the case of Microsoft, tends to be a lot higher than the strike price of the option holder. So, the company has two alternatives, they dilute current shareholders (and transfer shareholder wealth to employees), or they buy shares in the open market to avoid diluting them (using the corporation's asset—cash—to do so). The effect of the latter alternative, however, is the transferring of shareholder assets (since they are part owners of these assets) to employees.

I was looking at historical valuations for Microsoft and other companies such as Texas Instruments. I was surprised to find how far the market has pushed these shares up in price to ridiculous levels. I am sure you know of many others that are as ridiculously priced as Microsoft and Texas instruments, since they are not hard to find these days. Anyway, I wanted to share my Microsoft findings with you.

Although the following is a fast, back-of-the-envelope calculation; I think it is enough to point out how irrational the market has become in pricing the securities for many of these popular companies. Here is a table with Microsoft's historical P/E ratio for the last 10 years, I calculated the average for each year and the average for high P/Es and low P/Es:

Year	HighP/E	LowP/E	Average
96	37	23	30
95	40	20	30
94	29	19	24
93	31	21	26
92	36	17	26.5
91	32	14	23
90	34	11	22.5
89	23	15	19
88	34	16	25
87	23	15	19

The average of the high P/E ratios is 32; the average of low P/E ratios is 17; and the average of average P/E is 24.5.

A recent stock price for Microsoft was \$147. According to Zacks research, the consensus estimate for next year's earnings is: \$3.14 (i.e for 6/98—notice that their fiscal year ends 6/97 so these earnings are almost one year away!). This year they are expected to earn \$2.60 per share. According to these figures Microsoft's P/E ratio based on 1997 earnings is 56.5 ($147/2.6 = 56.5$) and the P/E ratio for 1998 earnings is almost 47 ($147/3.14 = 46.8$).

Since I am not a magician and can not call tops and bottoms, I would conclude from the above table that Microsoft is close to fairly valued at a P/E of about 24.5 or a price of \$77. It would be time to buy Microsoft if the P/E was around 17 or a price of \$53 and time to sell your position at a P/E of 32 or \$100.

Microsoft is expected to make around \$2.60 a share this year, so its earnings per share growth is about 20%, which would agree with a fair valuation of a P/E of around 20, BUT NOT 47! In my opinion, Microsoft is more than 47% overvalued.

It's also worth asking what event might cause Microsoft employees to cash in their options en masse. How about a change in the capital gains rate? Would a bear market feed on itself, especially if the options have an expiration date?

Reprinted from an Internet posting by Bob/Orlando <rrichert@gate.net>, Saturday, July 19, 1997.

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 annuity premiums using their most competitive cost factors. With respect to

Terminal Funding Annuities

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

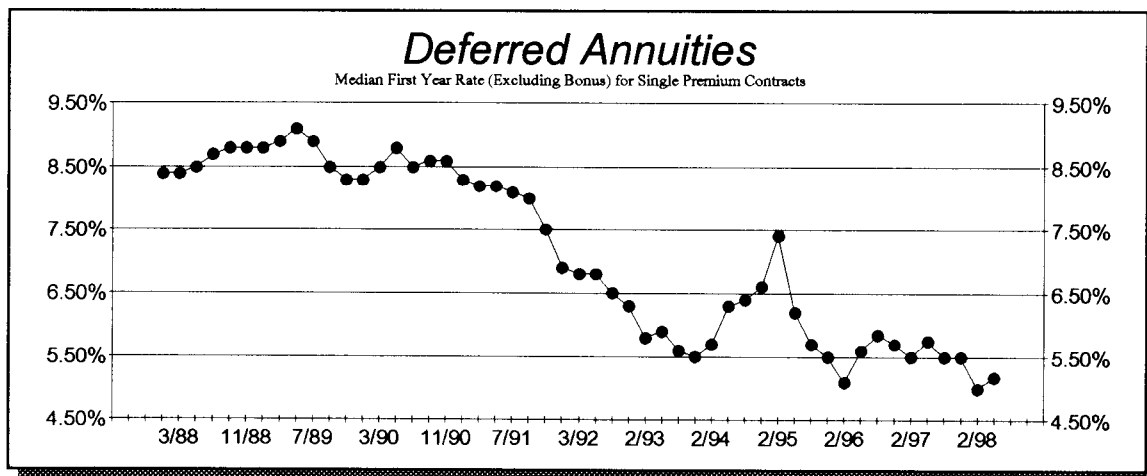
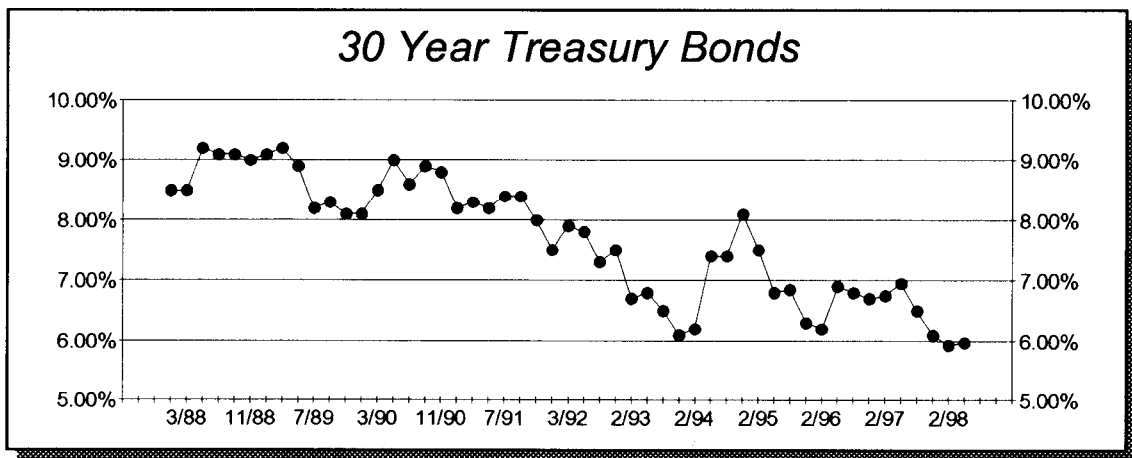
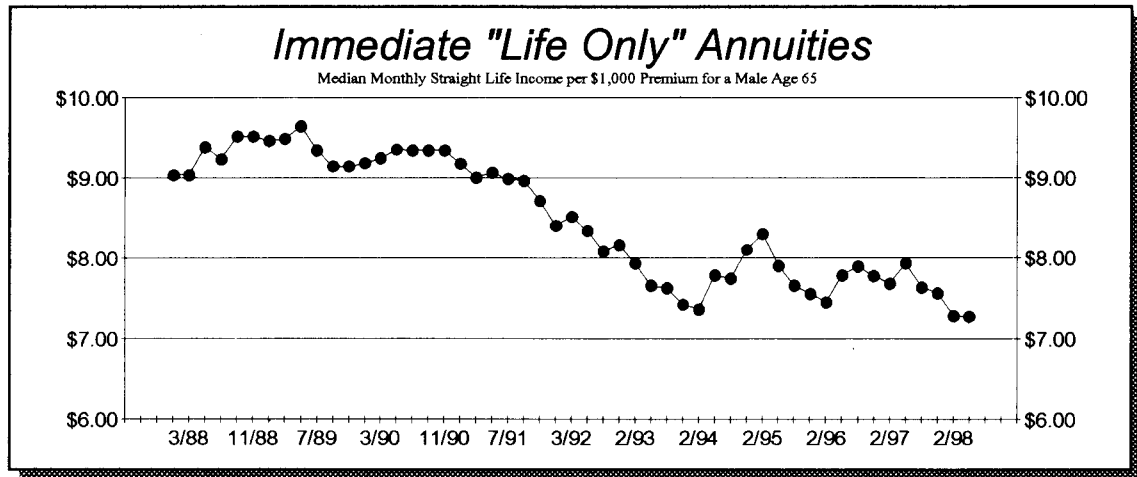
In virtually all groups that involve a substantial number of participants, minor corrections to the census and/or benefit amounts may occur after an agreement to purchase the annuities has been reached. These changes are audited to assure that all attendant premium adjustments are priced on the same 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 products. Simply mail or fax (732-521-5113) 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.



Annuity Price Trends



Life Expectancy

Getting a Handle on Life Expectancy

"How long will my money last?" is a question that worries a lot of retirees and soon-to-be retirees. The answer hinges on a number of issues, including how much annual income you'll need, what inflation does in the future and, most importantly, how long you will live.

Although most people have no idea how long they will live, finding out their life expectancy is one way to fill in this blank in their retirement plans. But how is life expectancy calculated and should you put much reliance on it when planning for the future? Here's what we found out when we consulted with some experts on this matter.

A Moving target

Life expectancy can be roughly defined as the average age at which a group of people of the same age and gender are likely to die. Basically, it's determined by taking all the ages at which the people in a group are likely to die and then averaging them. Half will die by that age and half will live past it.

The most important thing to remember about life expectancy is that it doesn't lock in at birth. As you get older, the age to which you're expected to live gets higher because the people in your age group who have died are no longer counted in the equation. For that reason, you can't just check your life expectancy at age 65 and base your planning on that for the rest of your life.

For example, the life expectancy at birth for males born in 1931 was 59. Those who lived to age 30 then had a life expectancy of 67. At 65, those remaining can no anticipate living not two but 12 more years to age 77. And once they reach 70, their life expectancy in-



creases to 79.

Life Expectancy Tables

Tables showing life expectancies for various groups are used by employers to figure pension benefits, by insurance companies to sell life insurance and annuities, and by taxpayers who are following IRS rules for computing minimum distributions from retirement plans.

No two life expectancy tables will be exactly alike. Their data depends on when and how the tables were created, where the death rates came from and whether they've been adjusted to make them more current.

For example, some companies

still use the "83 GAM" table to calculate how much they need to provide their retirees with a lifetime of monthly pension payments. 83 GAM is based on 1966 data, which was updated with projections to 1983. Other companies use the newer UP-94 table, recommended by the Society of Actuaries, which shows significant increases in life expectancies at most ages.

The UP-94 table projects that men age 55 will live to age 80 and women to 84½. And someone who is 80, according to the table, can look forward to another eight to ten years of life.

Best Bet: Plan for Your 90s

Keep in mind that life expectancy figures are conservative. According to Dr. Kenneth Manton at Duke University's Center for Demographic Studies, individuals who don't smoke,

maintain a healthy weight and keep their blood pressure and cholesterol under control with diet and exercise could live ten to 15 years longer than current tables project. If longevity runs in your family, your odds are even better.

Therefore, unless you have life-threatening health problems, it's a good idea for you and your spouse to plan on living into your 90s.

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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 re-

tirement 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. (Tables Source: Treasury regulations 1.72-9)

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

Ages		Years	Ages		Years
Male	Female		Male	Female	
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	60	21.7	100	105	2.1

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

Ages		Years	Ages		Years
Unisex			Unisex		
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

The immediate annuity factors (also called "purchase rates") shown in **Tables 1 through 19** illustrate the amounts of monthly income \$1,000 of premium will purchase from the listed insurance companies. These immediate annuities provide a first income payment 30 days after the date of deposit. The factors shown are net of all fees and commissions except state premium taxes, if applicable. In **Table 1** we report the purchase rates for Period Certain Annuities, which have no life contingency. These are simply installment payments which continue for a fixed period (5, 10, 15, 20, 25, and 30 years respectively) and then cease without regard to the age or life of the annuitant.

Tables 2 through 23 illustrate purchase rates for Single Life Annuities. In separate tables we report the factors for males and females ranging from age 40 through age 90 in 5 year intervals. Each table distinguishes between purchase rates for Non-Qualified Funds and Qualified Funds, and reports figures for three annuity forms: Life Only (Straight Life), Life with 10 Years Certain (10 yrs C&C) and Life with 20 Years Certain (20 yrs C&C).

Generally, the tax status of the funds used to buy an annuity directly influences the purchase rates most insurance companies will apply to a deposit. For this reason, our tables distinguish between purchases made with funds which are "Non-Qualified" or "Qualified." 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 column (Qualified vs. Nonqualified) when estimating annuity income.

The term non-qualified funds, also known as "after-tax monies"—such as money from a CD or savings account—refers to funds which **HAVE NOT** enjoyed the tax-qualified status of IRAs or pension monies. 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., it is excluded from income).

Qualified funds, on the other hand, are monies which until now **HAVE** enjoyed special tax treatment. Because no taxes have yet been paid on such funds, each monthly payment received from an annuity which was purchased with such deposits is **fully** taxable as income when received.

In addition to the tax status of the funds being used to purchase an annuity, the annuitant's age and gender as well as the type of coverage selected (also known as the "form" of annuity) directly affect the payout amount. Age and sex relate to life expectancy and thus ultimately to the insurance company's cost to provide its guarantees. Therefore, when insurance companies employ sex-distinct rates, female annuitants—who have longer life expectancies than males of the same age—should expect to receive less annuity income from their premium dollars. 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 five-year intervals, beginning at age 50 and continuing through age 80. You may also call us toll-free, at 1-800-872-6684, to receive a free calculation for an annuity not shown.

A "Straight Life" or Life Only

annuity is one which makes periodic payments to an annuitant for the duration of his or her lifetime and then ceases.

A Life with 10 Years Certain (10 Yr C&C) annuity guarantees that payments will be made 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 will be made to a beneficiary. If the annuitant survives beyond the 10-year guarantee period, payments will continue for the duration of his/her lifetime and then cease. A Life with 20 Years Certain Annuity (20 yr C&C) is administered in the same way as the 10 yr C&C annuity, except that the guarantee period covers twenty years instead of ten.

Tables 24 through 27 provide the purchase rates for Joint and Survivor Annuities ("J&S") for a male/female couple ages 65/62 to ages 75/72.

In these four Joint and Survivor tables we illustrate two different forms of the J&50%S annuity. For the first J&50%S form, income reduces by half upon the death of *either* the primary or secondary annuitant (and continues to the survivor for the remainder of his/her lifetime). With the second type of J&50%S annuity, the level monthly payment is reduced *only* on the death of the primary annuity (it does not reduce on the death of the secondary annuitant). This latter form of J&50%S annuity is also known as the ERISA or "QJSA" annuity. Lastly, the rates for the Joint & 100% Survivor Annuity do not reduce at any death and continue in full as long as either annuitant is living.

Immediate Annuities Update

Table 1. Period Certain Annuities

Reporting Companies (NAIC ID Number)	Issue Ages	5 Years PC	10 Years PC	15 Years PC	20 Years PC	25 Years PC	30 Years PC
American General Ann IC ¹ 70432	0-100	\$18.45	\$10.20	\$ 7.66	\$ 6.43	\$ 5.73	\$ 5.29
American Heritage 60534	unlimited	\$19.14	\$10.90	\$ 8.22	\$ 6.93	\$ 6.20	\$ 5.74
American Life & Casualty 60682	0-90	\$17.65	\$ 9.99	\$ 7.47	\$ 6.25	-	-
Canada Life 81060	0-99	\$18.22	\$10.26	\$ 7.82	\$ 6.62	\$ 5.93	-
Charter National LIC 61808	unlimited	\$18.33	\$10.04	\$ 7.31	\$ 5.97	\$ 5.19	\$ 4.69
Columbia Universal 77720	0-85	\$18.65	\$10.39	\$ 7.68	\$ 6.36	\$ 5.59	\$ 5.10
Commercial Union LIC 62898	0-85	\$17.47	\$10.08	\$ 7.71	\$ 6.59	\$ 5.95	\$ 5.55
Continental Assurance Co. 62413	15-85	\$19.47	\$11.18	\$ 8.51	\$ 7.26	\$ 6.56	\$ 6.14
Fidelity & Guaranty LIC 63274	0-90	\$17.91	\$10.24	\$ 7.80	\$ 6.64	\$ 5.99	\$ 5.57
Golden Rule 62286	0-80	-	\$10.11	\$ 7.54	\$ 6.30	\$ 5.58	\$ 5.13
Jefferson Pilot LIC 67865	0-95	\$18.15	\$10.31	\$ 7.75	-	-	-
Keyport Life 65234	0-90	\$18.15	\$10.42	\$ 7.96	\$ 6.80	\$ 6.18	\$ 5.82
Lincoln Benefit Life Co. 65595	1-99	\$17.80	\$10.95	\$ 8.36	\$ 7.05	\$ 6.28	\$ 5.79
London Pacific 68934	unlimited	\$18.51	\$10.41	\$ 7.70	\$ 6.38	-	-
Manufacturers LIC 65838	0-100	\$18.14	\$10.28	\$ 7.83	\$ 6.62	\$ 5.92	\$ 5.43
New York Life 66915	0-80	\$17.82	\$10.06	\$ 7.41	\$ 6.12	\$ 5.37	\$ 4.89
Ohio National 89206	0-85	\$18.05	\$10.28	\$ 7.77	\$ 6.56	\$ 5.84	\$ 5.36
Penn Ins. & Annuity Co. 93262	0-85	\$18.35	\$10.59	\$ 8.08	\$ 6.92	\$ 6.27	\$ 5.87
Penn Mutual LIC 67644	0-85	\$18.35	\$10.59	\$ 8.08	\$ 6.92	\$ 6.27	\$ 5.87
Presidential LIC 68039	0-85	\$18.31	\$10.57	\$ 8.14	\$ 6.99	\$ 6.33	\$ 5.89
Principal Mutual LIC 61271	0-85	\$18.24	\$10.09	\$7.55	\$6.42	\$ 5.80	\$ 5.37
Providentmutual L&A 70750	0-85	\$17.36	\$ 9.76	\$ 7.34	\$ 6.22	\$ 5.64	\$ 5.33
Providian Life & Health 66605	0-80	\$18.11	\$10.39	\$ 7.93	\$ 6.78	\$ 6.16	\$ 5.80
Reliance Standard LIC 68381	0-90	\$18.19	\$10.36	-	\$ 6.74	-	-
Security Benefit LIC 68675	0-100	\$18.20	\$10.31	\$ 7.98	\$ 6.76	\$ 6.03	\$ 5.63
Southwestern Life 91391	18-90	\$18.10	\$ 9.92	\$ 7.43	\$ 6.23	\$ 5.54	\$ 5.10
Standard Insurance Co. 69019	0-80	\$17.66	\$10.20	\$ 7.94	\$ 6.76	\$ 6.10	\$ 5.69
Trustmark Ins. Co. 62863	0-90	\$18.93	\$10.79	\$ 8.10	-	-	-
United of Omaha LIC 69868	0-85	\$18.35	\$10.63	\$ 8.14	\$ 6.96	\$ 6.28	\$ 5.86
USG Annuity & Life 61247	0-85	\$18.36	\$10.51	\$ 7.97	\$ 6.76	-	-

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹Formerly Western National Life

Immediate Annuities Update

Table 2. Single Life Annuities — Male Age 45

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
American General Ann IC ¹ 70432	\$ 5.19	\$ 5.15	\$ 5.05	\$ 5.19	\$ 5.15	\$ 5.05
American Life & Casualty 60682	\$ 4.83	\$ 4.80	\$ 4.70	\$ 4.83	\$ 4.80	\$ 4.70
Berkshire LIC 61433	-	\$ 5.85	\$ 5.74	-	-	-
Charter National LIC 61808	\$ 4.31	\$ 4.29	\$ 4.23	\$ 4.31	\$ 4.29	\$ 4.23
Columbia Universal Life 77720	\$ 4.96	\$ 4.92	\$ 4.82	\$ 4.96	\$ 4.92	\$ 4.82
Commercial Union LIC 62898	\$ 5.53	\$ 5.48	\$ 5.38	\$ 5.53	\$ 5.48	\$ 5.38
Continental Assurance Co. 62413	\$ 6.09	\$ 6.04	\$ 5.92	\$ 6.10	\$ 6.05	\$ 5.94
Fidelity & Guaranty LIC 63274	\$ 5.47	\$ 5.42	\$ 5.30	\$ 5.30	\$ 5.27	\$ 5.19
Jefferson Pilot LIC 67865	\$ 5.56	\$ 5.53	\$ 5.40	\$ 5.56	\$ 5.53	\$ 5.40
Lincoln Benefit Life Co. 65595	\$ 5.41	\$ 5.38	\$ 5.30	\$ 5.41	\$ 5.38	\$ 5.30
London Pacific 68934	\$ 6.05	\$ 6.01	\$ 5.94	\$ 6.05	\$ 6.01	\$ 5.94
Manufacturers LIC 65838	\$ 5.12	\$ 5.08	\$ 4.99	\$ 5.12	\$ 5.08	\$ 4.99
National Guardian LIC 66583	\$ 5.61	\$ 5.55	\$ 5.40	\$ 5.61	\$ 5.55	\$ 5.40
New York Life 66915	\$ 4.96	\$ 4.93	\$ 4.85	\$ 4.96	\$ 4.93	\$ 4.85
Ohio National 89206	\$ 5.05	\$ 5.02	\$ 4.93	\$ 5.05	\$ 5.02	\$ 4.93
Penn Ins. & Annuity Co. 93262	\$ 5.67	\$ 5.63	\$ 5.52	\$ 5.68	\$ 5.63	\$ 5.53
Penn Mutual LIC67644	\$ 5.67	\$ 5.63	\$ 5.52	\$ 5.68	\$ 5.63	\$ 5.53
Presidential LIC 68039	\$ 5.73	\$ 5.69	\$ 5.60	\$ 5.73	\$ 5.69	\$ 5.60
Principal Mutual LIC 61271	\$ 5.17	\$ 5.14	\$ 5.05	\$ 5.19	\$ 5.15	\$ 5.07
Providentmutual L&A 70750	\$ 5.07	\$ 5.01	\$ 4.85	\$ 5.07	\$ 5.01	\$ 4.85
Providian Life & Health 66605	\$ 5.76	\$ 5.72	\$ 5.62	-	-	-
Security Benefit LIC 68675	\$ 5.38	\$ 5.35	\$ 5.27	\$ 5.38	\$ 5.35	\$ 5.27
Security Mutual/NY 68772	\$ 5.35	\$ 5.29	\$ 5.15	\$ 5.45	\$ 5.40	\$ 5.24
Southwestern Life 91391	\$ 4.82	\$ 4.79	\$ 4.71	-	-	-
Standard Insurance 69019	\$ 5.38	\$ 5.35	\$ 5.27	\$ 5.38	\$ 5.35	\$ 5.27
United of Omaha 69869	\$ 5.50	\$ 5.45	\$ 5.35	\$ 5.50	\$ 5.45	\$ 5.35
USG Annuity & Life 61247	\$ 5.47	\$ 5.42	\$ 5.30	\$ 5.47	\$ 5.42	\$ 5.30

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998
¹Formerly Western National Life

Immediate Annuities Update

Table 3. Single Life Annuities — Female Age 45

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
American General Ann IC ¹ 70432	\$ 4.92	\$ 4.90	\$ 4.86	\$ 4.92	\$ 4.90	\$ 4.86
American Life & Casualty 60682	\$ 4.54	\$ 4.53	\$ 4.48	\$ 4.54	\$ 4.53	\$ 4.48
Berkshire LIC 61433	-	\$ 5.61	\$ 5.56	-	-	-
Charter National LIC 61808	\$ 4.07	\$ 4.06	\$ 4.03	\$ 4.07	\$ 4.06	\$ 4.03
Columbia Universal Life 77720	\$ 4.67	\$ 4.65	\$ 4.61	\$ 4.67	\$ 4.65	\$ 4.61
Commercial Union LIC 62898	\$ 5.27	\$ 5.25	\$ 5.20	\$ 5.27	\$ 5.25	\$ 5.20
Continental Assurance Co. 62413	\$ 5.82	\$ 5.80	\$ 5.75	\$ 5.83	\$ 5.81	\$ 5.76
Fidelity & Guaranty LIC 63274	\$ 5.12	\$ 5.11	\$ 5.06	\$ 5.30	\$ 5.27	\$ 5.19
Jefferson Pilot LIC 67865	\$ 5.34	\$ 5.33	\$ 5.27	\$ 5.34	\$ 5.33	\$ 5.27
Lincoln Benefit Life Co. 65595	\$ 5.18	\$ 5.17	\$ 5.13	\$ 5.18	\$ 5.17	\$ 5.13
London Pacific 68934	\$ 5.84	\$ 5.82	\$ 5.79	\$ 5.84	\$ 5.82	\$ 5.79
Manufacturers LIC 65838	\$ 4.75	\$ 4.74	\$ 4.70	\$ 4.75	\$ 4.74	\$ 4.70
National Guardian LIC 66583	\$ 5.28	\$ 5.26	\$ 5.19	\$ 5.28	\$ 5.26	\$ 5.19
New York Life 66915	\$ 4.69	\$ 4.68	\$ 4.64	\$ 4.69	\$ 4.68	\$ 4.64
Ohio National 89206	\$ 4.75	\$ 4.73	\$ 4.69	\$ 4.75	\$ 4.73	\$ 4.60
Penn Ins. & Annuity Co. 93262	\$ 5.37	\$ 5.35	\$ 5.31	\$ 5.31	\$ 5.29	\$ 5.25
Penn Mutual LIC 67644	\$ 5.37	\$ 5.37	\$ 5.31	\$ 5.31	\$ 5.29	\$ 5.25
Presidential LIC 68039	\$ 5.36	\$ 5.35	\$ 5.32	\$ 5.36	\$ 5.35	\$ 5.32
Principal Mutual LIC 61271	\$ 4.90	\$ 4.89	\$ 4.85	\$ 4.92	\$ 4.90	\$ 4.86
Providentmutual L&A 70750	\$ 4.77	\$ 4.75	\$ 4.72	\$ 4.77	\$ 4.75	\$ 4.72
Providian Life & Health 66605	\$ 5.53	\$ 5.51	\$ 5.47	-	-	-
Security Benefit LIC 68675	\$ 5.14	\$ 5.13	\$ 5.09	\$ 5.14	\$ 5.13	\$ 5.09
Security Mutual/NY 68772	\$ 5.03	\$ 5.01	\$ 4.95	\$ 5.05	\$ 5.03	\$ 4.97
Southwestern Life 91391	\$ 4.58	\$ 4.57	\$ 4.54	-	-	-
Standard Insurance 69019	\$ 5.24	\$ 5.23	\$ 5.18	\$ 5.24	\$ 5.23	\$ 5.18
United of Omaha 69869	\$ 5.23	\$ 5.21	\$ 5.16	\$ 5.23	\$ 5.21	\$ 5.16
USG Annuity & Life 61247	\$ 5.16	\$ 5.14	\$ 5.08	\$ 5.16	\$ 5.14	\$ 5.08

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹Formerly Western National Life

Immediate Annuities Update

Table 4. Single Life Annuities — Male Age 50

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
American General Ann IC ¹ 70432	\$ 5.50	\$ 5.43	\$ 5.26	\$ 5.50	\$ 5.43	\$ 5.26
American Heritage 60534	\$ 5.99	\$ 5.91	\$ 5.73	\$ 5.99	\$ 5.91	\$ 5.73
American Life & Casualty 60682	\$ 5.16	\$ 5.10	\$ 4.94	\$ 5.16	\$ 5.10	\$ 4.94
Berkshire LIC 61433	\$ 6.16	\$ 6.10	\$ 5.93	-	-	-
Canada Life 81060	\$ 5.59	\$ 5.53	\$ 5.38	\$ 5.59	\$ 5.53	\$ 5.38
Charter National LIC 61808	\$ 4.60	\$ 4.56	\$ 4.46	\$ 4.60	\$ 4.56	\$ 4.46
Columbia Universal Life 77720	\$ 5.29	\$ 5.22	\$ 5.06	\$ 5.29	\$ 5.22	\$ 5.06
Commercial Union LIC 62898	\$ 5.81	\$ 5.74	\$ 5.57	\$ 5.81	\$ 5.74	\$ 5.57
Continental Assurance Co. 62413	\$ 6.38	\$ 6.29	\$ 6.12	\$ 6.40	\$ 6.31	\$ 6.13
Fidelity & Guaranty LIC 63274	\$ 5.80	\$ 5.71	\$ 5.51	\$ 5.58	\$ 5.53	\$ 5.39
Jefferson Pilot LIC 67865	\$ 5.79	\$ 5.74	\$ 5.54	\$ 5.79	\$ 5.74	\$ 5.54
Keyport Life 64602	\$ 6.07	\$ 6.00	\$ 5.82	\$ 5.91	\$ 5.86	\$ 5.73
Lincoln Benefit Life Co. 65595	\$ 5.68	\$ 5.63	\$ 5.50	\$ 5.68	\$ 5.63	\$ 5.50
London Pacific 68934	\$ 6.24	\$ 6.18	\$ 6.07	\$ 6.24	\$ 6.18	\$ 6.07
Manufacturers LIC 65838	\$ 5.53	\$ 5.46	\$ 5.30	\$ 5.53	\$ 5.46	\$ 5.30
National Guardian LIC 66583	\$ 5.97	\$ 5.86	\$ 5.62	\$ 5.97	\$ 5.86	\$ 5.62
New York Life 66915	\$ 5.25	\$ 5.20	\$ 5.07	\$ 5.25	\$ 5.20	\$ 5.07
Ohio National 89206	\$ 5.38	\$ 5.32	\$ 5.17	\$ 5.38	\$ 5.32	\$ 5.17
Penn Ins. & Annuity Co. 93262	\$ 5.99	\$ 5.91	\$ 5.75	\$ 6.05	\$ 5.97	\$ 5.78
Penn Mutual LIC 67644	\$ 5.99	\$ 5.91	\$ 5.75	\$ 6.05	\$ 5.97	\$ 5.78
Presidential LIC 68039	\$ 6.01	\$ 5.95	\$ 5.81	\$ 6.01	\$ 5.95	\$ 5.81
Principal Mutual LIC 61271	\$ 5.46	\$ 5.39	\$ 5.24	\$ 5.47	\$ 5.41	\$ 5.26
Providentmutual L&A 70750	\$ 5.43	\$ 5.31	\$ 4.98	\$ 5.43	\$ 5.31	\$ 4.98
Providian Life & Health 66605	\$ 6.02	\$ 5.95	\$ 5.79	-	-	-
Security Benefit LIC 68675	\$ 5.64	\$ 5.59	\$ 5.46	\$ 5.64	\$ 5.59	\$ 5.46
Security Mutual/NY 68772	\$ 5.70	\$ 5.60	\$ 5.36	\$ 5.85	\$ 5.75	\$ 5.48
Southwestern Life 91391	\$ 5.08	\$ 5.03	\$ 4.91	-	-	-
Standard Insurance 69019	\$ 5.66	\$ 5.60	\$ 5.47	\$ 5.66	\$ 5.60	\$ 5.47
Trustmark Ins. Co. 62863	\$ 5.83	\$ 5.76	\$ 5.58	\$ 5.83	\$ 5.76	\$ 5.58
United of Omaha 69868	\$ 5.80	\$ 5.72	\$ 5.55	\$ 5.80	\$ 5.72	\$ 5.55
USG Annuity & Life 61247	\$ 5.82	\$ 5.73	\$ 5.52	\$ 5.82	\$ 5.73	\$ 5.52

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹Formerly Western National Life

Immediate Annuities Update

Table 5. Single Life Annuities — Female Age 50

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
American General Ann IC ¹ 70432	\$ 5.15	\$ 5.12	\$ 5.04	\$ 5.15	\$ 5.12	\$ 5.04
American Heritage 60534	\$ 5.63	\$ 5.59	\$ 5.51	\$ 5.63	\$ 5.59	\$ 5.51
American Life & Casualty 60682	\$ 4.79	\$ 4.77	\$ 4.69	\$ 4.79	\$ 4.77	\$ 4.69
Berkshire LIC 61433	\$ 5.82	\$ 5.80	\$ 5.72	-	-	-
Canada Life 81060	\$ 5.24	\$ 5.22	\$ 5.15	\$ 5.24	\$ 5.22	\$ 5.15
Charter National LIC 61808	\$ 4.28	\$ 4.27	\$ 4.23	\$ 4.28	\$ 4.27	\$ 4.23
Columbia Universal Life 77720	\$ 4.92	\$ 4.89	\$ 4.82	\$ 4.92	\$ 4.89	\$ 4.82
Commercial Union LIC 62898	\$ 5.48	\$ 5.45	\$ 5.37	\$ 5.48	\$ 5.45	\$ 5.37
Continental Assurance Co. 62413	\$ 6.03	\$ 5.99	\$ 5.91	\$ 6.04	\$ 6.00	\$ 5.92
Fidelity & Guaranty LIC 63274	\$ 5.35	\$ 5.33	\$ 5.25	\$ 5.58	\$ 5.53	\$ 5.39
Jefferson Pilot LIC 67865	\$ 5.50	\$ 5.47	\$ 5.38	\$ 5.50	\$ 5.47	\$ 5.38
Keyport Life 64602	\$ 5.74	\$ 5.71	\$ 5.62	\$ 5.91	\$ 5.86	\$ 5.73
Lincoln Benefit Life Co. 65595	\$ 5.39	\$ 5.36	\$ 5.30	\$ 5.39	\$ 5.36	\$ 5.30
London Pacific 68934	\$ 5.96	\$ 5.93	\$ 5.88	\$ 5.96	\$ 5.93	\$ 5.88
Manufacturers LIC 65838	\$ 4.99	\$ 4.97	\$ 4.91	\$ 4.99	\$ 4.97	\$ 4.91
National Guardian LIC 66583	\$ 5.54	\$ 5.49	\$ 5.38	\$ 5.54	\$ 5.49	\$ 5.38
New York Life 66915	\$ 4.90	\$ 4.88	\$ 4.82	\$ 4.90	\$ 4.88	\$ 4.82
Ohio National 89206	\$ 4.99	\$ 4.97	\$ 4.90	\$ 4.99	\$ 4.97	\$ 4.90
Penn Ins. & Annuity Co. 93262	\$ 5.61	\$ 5.57	\$ 5.50	\$ 5.56	\$ 5.53	\$ 5.46
Penn Mutual LIC 67644	\$ 5.61	\$ 5.57	\$ 5.50	\$ 5.56	\$ 5.53	\$ 5.46
Presidential LIC 68039	\$ 5.74	\$ 5.70	\$ 5.63	\$ 5.74	\$ 5.70	\$ 5.63
Principal Mutual LIC 61271	\$ 5.10	\$ 5.07	\$ 5.00	\$ 5.11	\$ 5.09	\$ 5.02
Providentmutual L&A 70750	\$ 5.07	\$ 5.01	\$ 4.85	\$ 5.07	\$ 5.01	\$ 4.85
Providian Life & Health 66605	\$ 5.71	\$ 5.68	\$ 5.61	-	-	-
Security Benefit LIC 68675	\$ 5.33	\$ 5.31	\$ 5.25	\$ 5.33	\$ 5.31	\$ 5.25
Security Mutual/NY 68772	\$ 5.29	\$ 5.25	\$ 5.14	\$ 5.31	\$ 5.28	\$ 5.17
Southwestern Life 91391	\$ 4.77	\$ 4.75	\$ 4.69	-	-	-
Standard Insurance 69019	\$ 5.47	\$ 5.44	\$ 5.37	\$ 5.47	\$ 5.44	\$ 5.37
United of Omaha 69868	\$ 5.45	\$ 5.42	\$ 5.34	\$ 5.45	\$ 5.42	\$ 5.34
USG Annuity & Life 61247	\$ 5.41	\$ 5.38	\$ 5.28	\$ 5.41	\$ 5.38	\$ 5.28

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹ Formerly Western National Life

Immediate Annuities Update

Table 6. Single Life Annuities — Male Age 55

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
American General Ann IC ¹ 70432	\$ 5.89	\$ 5.78	\$ 5.51	\$ 5.89	\$ 5.78	\$ 5.51
American Heritage 60534	\$ 6.40	\$ 6.28	\$ 5.98	\$ 6.40	\$ 6.28	\$ 5.98
American Life & Casualty 60682	\$ 5.59	\$ 5.49	\$ 5.22	\$ 5.59	\$ 5.49	\$ 5.22
Berkshire LIC 61433	\$ 6.53	\$ 6.43	\$ 6.15	-	-	-
Canada Life 81060	\$ 5.99	\$ 5.89	\$ 5.64	\$ 5.99	\$ 5.89	\$ 5.64
Charter National LIC 61808	\$ 4.99	\$ 4.90	\$ 4.73	\$ 4.99	\$ 4.90	\$ 4.73
Columbia Universal Life 77720	\$ 5.71	\$ 5.61	\$ 5.33	\$ 5.71	\$ 5.61	\$ 5.33
Commercial Union LIC 62898	\$ 6.19	\$ 6.07	\$ 5.79	\$ 6.19	\$ 6.07	\$ 5.79
Continental Assurance Co. 62413	\$ 6.78	\$ 6.64	\$ 6.34	\$ 6.80	\$ 6.65	\$ 6.36
Fidelity & Guaranty LIC 63274	\$ 6.21	\$ 6.07	\$ 5.75	\$ 5.94	\$ 5.85	\$ 5.63
Golden Rule 62286	\$ 5.65	\$ 5.56	\$ 5.35	\$ 5.65	\$ 5.56	\$ 5.35
Jackson National LIC 65056	\$ 6.11	\$ 5.99	\$ 5.71	\$ 5.85	\$ 5.78	\$ 5.58
Jefferson Pilot LIC 67865	\$ 6.12	\$ 6.03	\$ 5.71	\$ 6.12	\$ 6.03	\$ 5.71
Keyport Life 64602	\$ 6.44	\$ 6.34	\$ 6.05	\$ 6.23	\$ 6.16	\$ 5.95
Lincoln Benefit Life Co. 65595	\$ 6.05	\$ 5.96	\$ 5.75	\$ 6.05	\$ 5.96	\$ 5.75
London Pacific 68934	\$ 6.52	\$ 6.42	\$ 6.23	\$ 6.52	\$ 6.42	\$ 6.23
Manufacturers LIC 65838	\$ 5.95	\$ 5.83	\$ 5.56	\$ 5.95	\$ 5.83	\$ 5.56
National Guardian LIC 66583	\$ 6.42	\$ 6.25	\$ 5.86	\$ 6.42	\$ 6.25	\$ 5.86
New York Life 66915	\$ 5.64	\$ 5.55	\$ 5.33	\$ 5.64	\$ 5.55	\$ 5.33
Ohio National 89206	\$ 5.81	\$ 5.70	\$ 5.45	\$ 5.81	\$ 5.70	\$ 5.45
Penn Ins. & Annuity Co. 93262	\$ 6.38	\$ 6.25	\$ 5.98	\$ 6.52	\$ 6.37	\$ 6.05
Penn Mutual LIC 67644	\$ 6.38	\$ 6.25	\$ 5.98	\$ 6.52	\$ 6.37	\$ 6.05
Presidential LIC 68039	\$ 6.39	\$ 6.28	\$ 6.05	\$ 6.39	\$ 6.28	\$ 6.05
Principal Mutual LIC 61271	\$ 5.80	\$ 5.69	\$ 5.45	\$ 5.82	\$ 5.71	\$ 5.47
Providentmutual L&A 70750	\$ 5.84	\$ 5.64	\$ 5.09	\$ 5.84	\$ 5.64	\$ 5.09
Providian Life & Health 66605	\$ 6.36	\$ 6.25	\$ 5.99	-	-	-
SAFECO LIC 68608	\$ 5.73	\$ 5.68	-	\$ 5.73	\$ 5.68	-
Security Benefit LIC 68675	\$ 6.00	\$ 5.90	\$ 5.69	\$ 6.00	\$ 5.90	\$ 5.69
Security Mutual/NY 68772	\$ 6.14	\$ 5.97	\$ 5.59	\$ 6.39	\$ 6.20	\$ 5.73
Southwestern Life 91391	\$ 5.43	\$ 5.34	\$ 5.14	-	-	-
Standard Insurance 69019	\$ 6.01	\$ 5.92	\$ 5.71	\$ 6.01	\$ 5.92	\$ 5.71
Trustmark Ins. Co. 62863	\$ 6.24	\$ 6.13	\$ 5.84	\$ 6.24	\$ 6.13	\$ 5.84
United of Omaha 69868	\$ 6.19	\$ 6.07	\$ 5.79	\$ 6.19	\$ 6.07	\$ 5.79
USG Annuity & Life 61247	\$ 6.27	\$ 6.13	\$ 5.77	\$ 6.27	\$ 6.13	\$ 5.77

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998
¹Formerly Western National Life

Immediate Annuities Update

Table 7. Single Life Annuities — Female Age 55

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
American General Ann IC ¹ 70432	\$ 5.46	\$ 5.41	\$ 5.27	\$ 5.46	\$ 5.41	\$ 5.27
American Heritage 60534	\$ 5.95	\$ 5.89	\$ 5.74	\$ 5.95	\$ 5.89	\$ 5.74
American Life & Casualty 60682	\$ 5.13	\$ 5.09	\$ 4.95	\$ 5.13	\$ 5.09	\$ 4.95
Berkshire LIC 61433	\$ 6.10	\$ 6.06	\$ 5.92	-	-	-
Canada Life 81060	\$ 5.55	\$ 5.51	\$ 5.38	\$ 5.55	\$ 5.51	\$ 5.38
Charter National LIC 61808	\$ 4.57	\$ 4.55	\$ 4.47	\$ 4.57	\$ 4.55	\$ 4.47
Columbia Universal Life 77720	\$ 5.25	\$ 5.21	\$ 5.07	\$ 5.25	\$ 5.21	\$ 5.07
Commercial Union LIC 62898	\$ 5.77	\$ 5.72	\$ 5.58	\$ 5.77	\$ 5.72	\$ 5.58
Continental Assurance Co. 62413	\$ 6.32	\$ 6.25	\$ 6.11	\$ 6.33	\$ 6.27	\$ 6.12
Fidelity & Guaranty LIC 63274	\$ 5.66	\$ 5.61	\$ 5.48	\$ 5.94	\$ 5.85	\$ 5.63
Golden Rule 62286	\$ 5.33	\$ 5.29	\$ 5.17	\$ 5.33	\$ 5.29	\$ 5.17
Jackson National LIC 65056	\$ 5.68	\$ 5.62	\$ 5.48	\$ 5.85	\$ 5.78	\$ 5.58
Jefferson Pilot LIC 67865	\$ 5.72	\$ 5.68	\$ 5.52	\$ 5.72	\$ 5.68	\$ 5.52
Keyport Life 64602	\$ 6.02	\$ 5.98	\$ 5.82	\$ 6.23	\$ 6.16	\$ 5.95
Lincoln Benefit Life Co. 65595	\$ 5.67	\$ 5.63	\$ 5.52	\$ 5.67	\$ 5.63	\$ 5.52
London Pacific 68934	\$ 6.14	\$ 6.10	\$ 6.01	\$ 6.14	\$ 6.10	\$ 6.01
Manufacturers LIC 65838	\$ 5.38	\$ 5.34	\$ 5.22	\$ 5.38	\$ 5.34	\$ 5.22
National Guardian LIC 66583	\$ 5.88	\$ 5.81	\$ 5.60	\$ 5.88	\$ 5.81	\$ 5.60
New York Life 66915	\$ 5.19	\$ 5.15	\$ 5.05	\$ 5.19	\$ 5.15	\$ 5.05
Ohio National 89206	\$ 5.33	\$ 5.28	\$ 5.16	\$ 5.33	\$ 5.28	\$ 5.16
Penn Ins. & Annuity Co. 93262	\$ 5.89	\$ 5.84	\$ 5.71	\$ 5.88	\$ 5.83	\$ 5.69
Penn Mutual LIC 67644	\$ 5.89	\$ 5.84	\$ 5.71	\$ 5.88	\$ 5.83	\$ 5.69
Presidential LIC 68039	\$ 6.05	\$ 5.99	\$ 5.86	\$ 6.05	\$ 5.99	\$ 5.87
Principal Mutual LIC 61271	\$ 5.32	\$ 5.29	\$ 5.18	\$ 5.35	\$ 5.30	\$ 5.19
Providentmutual L&A 70750	\$ 5.43	\$ 5.31	\$ 4.98	\$ 5.43	\$ 5.31	\$ 4.98
Providian Life & Health 66605	\$ 5.96	\$ 5.91	\$ 5.79	-	-	-
SAFECO LIC 68608	\$ 5.73	\$ 5.68	-	\$ 5.73	\$ 5.68	-
Security Benefit LIC 68675	\$ 5.59	\$ 5.55	\$ 5.44	\$ 5.59	\$ 5.55	\$ 5.44
Security Mutual/NY 68772	\$ 5.63	\$ 5.56	\$ 5.37	\$ 5.68	\$ 5.61	\$ 5.42
Southwestern Life 91391	\$ 5.03	\$ 4.99	\$ 4.90	-	-	-
Standard Insurance 69019	\$ 5.77	\$ 5.72	\$ 5.59	\$ 5.77	\$ 5.72	\$ 5.59
Trustmark Ins. Co. 62863	\$ 5.79	\$ 5.73	\$ 5.59	\$ 5.79	\$ 5.73	\$ 5.59
United of Omaha 69868	\$ 5.76	\$ 5.70	\$ 5.56	\$ 5.76	\$ 5.70	\$ 5.56
USG Annuity & Life 61247	\$ 5.75	\$ 5.69	\$ 5.50	\$ 5.75	\$ 5.69	\$ 5.50

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹Formerly Western National Life

Immediate Annuities Update

Table 8. Single Life Annuities — Male Age 60

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
American General Ann IC ¹ 70432	\$ 6.43	\$ 6.24	\$ 5.78	\$ 6.43	\$ 6.24	\$ 5.78
American Heritage 60534	\$ 6.97	\$ 6.76	\$ 6.26	\$ 6.97	\$ 6.76	\$ 6.26
American Life & Casualty 60682	\$ 6.12	\$ 5.99	\$ 5.52	\$ 6.12	\$ 5.99	\$ 5.52
Berkshire LIC 61433	\$ 7.05	\$ 6.88	\$ 6.40	-	-	-
Canada Life 81060	\$ 6.53	\$ 6.36	\$ 5.92	\$ 6.53	\$ 6.36	\$ 5.92
Charter National LIC 61808	\$ 5.57	\$ 5.35	\$ 5.03	\$ 5.57	\$ 5.35	\$ 5.03
Columbia Universal Life 77720	\$ 6.29	\$ 6.11	\$ 5.63	\$ 6.29	\$ 6.11	\$ 5.63
Commercial Union LIC 62898	\$ 6.70	\$ 6.50	\$ 6.04	\$ 6.70	\$ 6.50	\$ 6.04
Continental Assurance Co. 62413	\$ 6.74	\$ 6.56	\$ 6.15	\$ 6.76	\$ 6.58	\$ 6.16
Fidelity & Guaranty LIC 63274	\$ 6.75	\$ 6.51	\$ 6.01	\$ 6.41	\$ 6.25	\$ 5.89
Golden Rule 62286	\$ 6.13	\$ 5.99	\$ 5.61	\$ 6.13	\$ 5.99	\$ 5.61
Jackson National LIC 65056	\$ 6.64	\$ 6.44	\$ 5.97	\$ 6.32	\$ 6.19	\$ 5.84
Jefferson Pilot LIC 67865	\$ 6.58	\$ 6.41	\$ 5.88	\$ 6.58	\$ 6.41	\$ 5.88
Keyport Life 65234	\$ 6.95	\$ 6.77	\$ 6.29	\$ 6.70	\$ 6.56	\$ 6.19
Lincoln Benefit Life Co. 65595	\$ 6.55	\$ 6.40	\$ 6.05	\$ 6.55	\$ 6.40	\$ 6.05
London Pacific 68934	\$ 6.92	\$ 6.77	\$ 6.44	\$ 6.92	\$ 6.77	\$ 6.44
Manufacturers LIC 65838	\$ 6.55	\$ 6.34	\$ 5.85	\$ 6.55	\$ 6.34	\$ 5.85
National Guardian LIC 66583	\$ 7.05	\$ 6.76	\$ 6.10	\$ 7.05	\$ 6.76	\$ 6.10
New York Life 66915	\$ 6.17	\$ 6.02	\$ 5.63	\$ 6.17	\$ 6.02	\$ 5.63
Ohio National 89206	\$ 6.38	\$ 6.19	\$ 5.76	\$ 6.38	\$ 6.19	\$ 5.76
Penn Ins. & Annuity Co. 93262	\$ 6.92	\$ 6.70	\$ 6.23	\$ 7.19	\$ 6.92	\$ 6.32
Penn Mutual LIC 67644	\$ 6.92	\$ 6.70	\$ 6.23	\$ 7.19	\$ 6.92	\$ 6.32
Presidential LIC 68039	\$ 6.90	\$ 6.72	\$ 6.31	\$ 6.90	\$ 6.72	\$ 6.31
Principal Mutual LIC 61271	\$ 6.28	\$ 6.10	\$ 5.70	\$ 6.30	\$ 6.12	\$ 5.71
Providentmutual L&A 70750	\$ 6.32	\$ 5.96	\$ 5.25	\$ 6.32	\$ 5.96	\$ 5.25
Providian Life & Health IC 66605	\$ 6.82	\$ 6.64	\$ 6.20	-	-	-
SAFECO LIC 68608	\$ 6.10	\$ 6.01	-	\$ 6.10	\$ 6.01	-
Security Benefit LIC 68675	\$ 6.48	\$ 6.33	\$ 5.95	\$ 6.48	\$ 6.33	\$ 5.95
Security Mutual/NY 68772	\$ 6.71	\$ 6.43	\$ 5.83	\$ 7.13	\$ 6.77	\$ 5.97
Southwestern Life 91391	\$ 5.91	\$ 5.76	\$ 5.41	-	-	-
Standard Insurance 69019	\$ 6.49	\$ 6.34	\$ 5.97	\$ 6.49	\$ 6.34	\$ 5.97
Trustmark Ins. Co. 62863	\$ 6.81	\$ 6.61	\$ 6.11	\$ 6.81	\$ 6.61	\$ 6.11
United of Omaha LIC 69869	\$ 6.74	\$ 6.54	\$ 6.05	\$ 6.74	\$ 6.54	\$ 6.05
USG Annuity & Life 61247	\$ 6.90	\$ 6.64	\$ 6.01	\$ 6.90	\$ 6.64	\$ 6.01

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹ Formerly Western National Life

Immediate Annuities Update

Table 9. Single Life Annuities — Female Age 60

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
American General Ann IC ¹ 70432	\$ 5.88	\$ 5.79	\$ 5.55	\$ 5.88	\$ 5.79	\$ 5.55
American Heritage 60534	\$ 6.39	\$ 6.29	\$ 6.02	\$ 6.39	\$ 6.29	\$ 6.02
American Life & Casualty 60682	\$ 5.59	\$ 5.51	\$ 5.26	\$ 5.59	\$ 5.51	\$ 5.26
Berkshire LIC 61433	\$ 6.49	\$ 6.41	\$ 6.17	-	-	-
Canada Life 81060	\$ 5.97	\$ 5.89	\$ 5.67	\$ 5.97	\$ 5.89	\$ 5.67
Charter National LIC 61808	\$ 5.00	\$ 4.91	\$ 4.76	\$ 5.00	\$ 4.91	\$ 4.76
Columbia Universal Life 77720	\$ 5.71	\$ 5.62	\$ 5.37	\$ 5.71	\$ 5.62	\$ 5.37
Commercial Union LIC 62898	\$ 6.17	\$ 6.07	\$ 5.83	\$ 6.17	\$ 6.07	\$ 5.83
Continental Assurance Co. 62413	\$ 6.22	\$ 6.13	\$ 5.93	\$ 6.23	\$ 6.15	\$ 5.94
Fidelity & Guaranty LIC 63274	\$ 6.06	\$ 5.97	\$ 5.75	\$ 6.41	\$ 6.25	\$ 5.89
Golden Rule 62286	\$ 5.73	\$ 5.66	\$ 5.43	\$ 5.73	\$ 5.66	\$ 5.43
Jackson National LIC 65056	\$ 6.10	\$ 6.00	\$ 5.74	\$ 6.32	\$ 6.19	\$ 5.84
Jefferson Pilot LIC 67865	\$ 6.05	\$ 5.98	\$ 5.70	\$ 6.05	\$ 5.98	\$ 5.70
Keyport Life 65234	\$ 6.42	\$ 6.34	\$ 6.08	\$ 6.70	\$ 6.56	\$ 6.19
Lincoln Benefit Life Co. 65595	\$ 6.06	\$ 5.99	\$ 5.80	\$ 6.06	\$ 5.99	\$ 5.80
London Pacific 68934	\$ 6.43	\$ 6.36	\$ 6.20	\$ 6.43	\$ 6.36	\$ 6.20
Manufacturers LIC 65838	\$ 5.78	\$ 5.70	\$ 5.50	\$ 5.78	\$ 5.70	\$ 5.50
National Guardian LIC 66583	\$ 6.36	\$ 6.23	\$ 5.87	\$ 6.36	\$ 6.23	\$ 5.87
New York Life 66915	\$ 5.59	\$ 5.52	\$ 5.34	\$ 5.59	\$ 5.52	\$ 5.34
Ohio National 89206	\$ 5.77	\$ 5.69	\$ 5.47	\$ 5.77	\$ 5.69	\$ 5.47
Penn Ins. & Annuity Co. 93262	\$ 6.30	\$ 6.20	\$ 5.96	\$ 6.33	\$ 6.23	\$ 5.97
Penn Mutual LIC 67644	\$ 6.30	\$ 6.20	\$ 5.96	\$ 6.33	\$ 6.23	\$ 5.97
Presidential LIC 68039	\$ 6.46	\$ 6.36	\$ 6.12	\$ 6.46	\$ 6.36	\$ 6.12
Principal Mutual LIC 61271	\$ 5.68	\$ 5.59	\$ 5.41	\$ 5.69	\$ 5.61	\$ 5.42
Providentmutual L&A 70750	\$ 5.84	\$ 5.64	\$ 5.09	\$ 5.84	\$ 5.64	\$ 5.09
Providian Life & Health IC 66605	\$ 6.31	\$ 6.22	\$ 5.99	-	-	-
SAFECO LIC 68608	\$ 6.10	\$ 6.01	-	\$ 6.10	\$ 6.01	-
Security Benefit LIC 68675	\$ 5.95	\$ 5.88	\$ 5.70	\$ 5.95	\$ 5.88	\$ 5.70
Security Mutual/NY 68772	\$ 6.10	\$ 5.97	\$ 5.64	\$ 6.20	\$ 6.07	\$ 5.70
Southwestern Life 91391	\$ 5.39	\$ 5.32	\$ 5.15	-	-	-
Standard Insurance 69019	\$ 6.17	\$ 6.08	\$ 5.85	\$ 6.17	\$ 6.08	\$ 5.85
Trustmark Ins. Co. 62863	\$ 6.23	\$ 6.14	\$ 5.87	\$ 6.23	\$ 6.14	\$ 5.87
United of Omaha LIC 69868	\$ 6.18	\$ 6.08	\$ 5.82	\$ 6.18	\$ 6.08	\$ 5.82
USG Annuity & Life 61247	\$ 6.22	\$ 6.10	\$ 5.77	\$ 6.22	\$ 6.10	\$ 5.77

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998
¹ Formerly Western National Life

Immediate Annuities Update

Table 10. Single Life Annuities — Male Age 65

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
American General Ann IC ¹ 70432	\$ 7.20	\$ 6.84	\$ 6.03	\$ 7.20	\$ 6.84	\$ 6.03
American Heritage 60534	\$ 7.79	\$ 7.39	\$ 6.52	\$ 7.79	\$ 7.39	\$ 6.52
American Life & Casualty 60682	\$ 6.89	\$ 6.56	\$ 5.77	\$ 6.89	\$ 6.56	\$ 5.77
Berkshire LIC 67433	\$ 7.79	\$ 7.45	\$ 6.64	-	-	-
Canada Life 80659	\$ 7.30	\$ 6.96	\$ 6.20	\$ 7.30	\$ 6.96	\$ 6.20
Charter National LIC 61808	\$ 6.38	\$ 5.93	\$ 5.34	\$ 6.38	\$ 5.93	\$ 5.34
Columbia Universal Life 77720	\$ 7.11	\$ 6.76	\$ 5.91	\$ 7.11	\$ 6.76	\$ 5.91
Commercial Union LIC 62898	\$ 7.44	\$ 7.05	\$ 6.26	\$ 7.44	\$ 7.05	\$ 6.26
Continental Assurance Co. 62413	\$ 7.45	\$ 7.11	\$ 6.39	\$ 7.47	\$ 7.12	\$ 6.40
Fidelity & Guaranty LIC 63274	\$ 7.49	\$ 7.07	\$ 6.26	\$ 7.06	\$ 6.78	\$ 6.16
Golden Rule 62286	\$ 6.82	\$ 6.54	\$ 5.88	\$ 6.82	\$ 6.54	\$ 5.88
Jackson National LIC 65056	\$ 7.42	\$ 7.04	\$ 6.22	\$ 6.98	\$ 6.72	\$ 6.12
Jefferson Pilot LIC 67865	\$ 7.26	\$ 6.95	\$ 6.06	\$ 7.26	\$ 6.95	\$ 6.06
Keyport Life 65234	\$ 7.70	\$ 7.40	\$ 6.53	\$ 7.34	\$ 7.10	\$ 6.45
Lincoln Benefit Life Co. 65595	\$ 7.27	\$ 6.98	\$ 6.36	\$ 7.27	\$ 6.98	\$ 6.36
London Pacific 68934	\$ 7.54	\$ 7.25	\$ 6.68	\$ 7.54	\$ 7.25	\$ 6.68
Manufacturer's LIC 65838	\$ 7.37	\$ 6.97	\$ 6.16	\$ 7.37	\$ 6.97	\$ 6.16
National Guardian LIC 66583	\$ 7.99	\$ 7.41	\$ 6.31	\$ 7.99	\$ 7.41	\$ 6.31
New York Life 66915	\$ 6.94	\$ 6.63	\$ 5.94	\$ 6.94	\$ 6.63	\$ 5.94
Ohio National 89206	\$ 7.19	\$ 6.82	\$ 6.06	\$ 7.19	\$ 6.82	\$ 6.06
Penn Ins. & Annuity Co. 93262	\$ 7.67	\$ 7.26	\$ 6.46	\$ 8.14	\$ 7.59	\$ 6.53
Penn Mutual 67644	\$ 7.67	\$ 7.26	\$ 6.46	\$ 8.14	\$ 7.59	\$ 6.53
Presidential LIC 68039	\$ 7.62	\$ 7.28	\$ 6.57	\$ 7.62	\$ 7.28	\$ 6.57
Principal Mutual LIC 61271	\$ 6.96	\$ 6.63	\$ 5.96	\$ 6.98	\$ 6.65	\$ 5.97
Providentmutual L&A 70750	\$ 7.01	\$ 6.41	\$ 5.42	\$ 7.01	\$ 6.41	\$ 5.42
Providian Life & Health IC 66605	\$ 7.52	\$ 7.17	\$ 6.42	-	-	-
Reliance Standard LIC 68381	-	\$ 7.08	-	-	\$ 7.08	-
SAFECO LIC 68608	\$ 6.62	\$ 6.46	-	\$ 6.62	\$ 6.46	-
Security Benefit LIC 68675	\$ 7.20	\$ 6.89	\$ 6.22	\$ 7.20	\$ 6.89	\$ 6.22
Security Mutual/NY 68772	\$ 7.51	\$ 7.01	\$ 6.06	\$ 8.18	\$ 7.44	\$ 6.16
Southwestern Life 91391	\$ 6.61	\$ 6.32	\$ 5.69	-	-	-
Standard Insurance 69019	\$ 7.19	\$ 6.88	\$ 6.24	\$ 7.19	\$ 6.88	\$ 6.24
Trustmark Ins. Co. 62863	\$ 7.63	\$ 7.24	\$ 6.38	\$ 7.63	\$ 7.24	\$ 6.38
United of Omaha LIC 69868	\$ 7.52	\$ 7.13	\$ 6.31	\$ 7.52	\$ 7.13	-
USG Annuity & Life 61247	\$ 7.79	\$ 7.26	\$ 6.23	\$ 7.79	\$ 7.26	\$ 6.23

Figures represent monthly income per \$1,000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹Formerly Western National Life

Immediate Annuities Update

Table 11. Single Life Annuities — Female Age 65

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
American General Ann IC ¹ 70432	\$ 6.47	\$ 6.30	\$ 5.84	\$ 6.47	\$ 6.30	\$ 5.84
American Heritage 60534	\$ 7.01	\$ 6.82	\$ 6.32	\$ 7.01	\$ 6.82	\$ 6.32
American Life & Casualty 60682	\$ 6.15	\$ 6.00	\$ 5.56	\$ 6.15	\$ 6.00	\$ 5.56
Berkshire LIC 67433	\$ 7.03	\$ 6.89	\$ 6.45	-	-	-
Canada Life 80659	\$ 6.56	\$ 6.40	\$ 5.98	\$ 6.56	\$ 6.40	\$ 5.98
Charter National LIC 61808	\$ 5.64	\$ 5.39	\$ 5.09	\$ 5.64	\$ 5.39	\$ 5.09
Columbia Universal Life 77720	\$ 6.34	\$ 6.18	\$ 5.70	\$ 6.34	\$ 6.18	\$ 5.70
Commercial Union LIC 62898	\$ 6.73	\$ 6.54	\$ 6.09	\$ 6.73	\$ 6.54	\$ 6.09
Continental Assurance Co. 62413	\$ 6.73	\$ 6.57	\$ 6.19	\$ 6.75	\$ 6.59	\$ 6.20
Fidelity & Guaranty LIC 63274	\$ 6.61	\$ 6.46	\$ 6.04	\$ 7.06	\$ 6.78	\$ 6.16
Golden Rule 62286	\$ 6.29	\$ 6.14	\$ 5.72	\$ 6.29	\$ 6.14	\$ 5.72
Jackson National LIC 65056	\$ 6.68	\$ 6.50	\$ 6.03	\$ 6.98	\$ 6.72	\$ 6.12
Jefferson Pilot LIC 67865	\$ 6.55	\$ 6.41	\$ 5.90	\$ 6.55	\$ 6.41	\$ 5.90
Keyport Life 65234	\$ 6.99	\$ 6.82	\$ 6.35	\$ 7.34	\$ 7.10	\$ 6.45
Lincoln Benefit Life Co. 65595	\$ 6.62	\$ 6.48	\$ 6.13	\$ 6.62	\$ 6.48	\$ 6.13
London Pacific 68934	\$ 6.86	\$ 6.73	\$ 6.43	\$ 6.86	\$ 6.73	\$ 6.43
Manufacturer's LIC 65838	\$ 6.38	\$ 6.22	\$ 5.81	\$ 6.38	\$ 6.22	\$ 5.81
National Guardian LIC 66583	\$ 7.05	\$ 6.78	\$ 6.14	\$ 7.05	\$ 6.78	\$ 6.14
New York Life 66915	\$ 6.16	\$ 6.02	\$ 5.67	\$ 6.16	\$ 6.02	\$ 5.67
Ohio National 89206	\$ 6.39	\$ 6.22	\$ 5.81	\$ 6.39	\$ 6.22	\$ 5.81
Penn Ins. & Annuity Co. 93262	\$ 6.83	\$ 6.67	\$ 6.22	\$ 6.94	\$ 6.76	\$ 6.24
Penn Mutual 67644	\$ 6.83	\$ 6.67	\$ 6.22	\$ 6.94	\$ 6.76	\$ 6.24
Presidential LIC 68039	\$ 7.03	\$ 6.85	\$ 6.41	\$ 7.03	\$ 6.85	\$ 6.41
Principal Mutual LIC 61271	\$ 6.15	\$ 6.02	\$ 5.68	\$ 6.17	\$ 6.04	\$ 5.69
Providentmutual L&A 70750	\$ 6.32	\$ 5.96	\$ 5.25	\$ 6.32	\$ 5.96	\$ 5.25
Providian Life & Health IC 66605	\$ 6.81	\$ 6.65	\$ 6.24	-	-	-
Reliance Standard LIC 68381	-	\$ 6.58	-	-	\$ 6.58	-
SAFECO LIC 68608	\$ 6.62	\$ 6.46	-	\$ 6.62	\$ 6.46	-
Security Benefit LIC 68675	\$ 6.47	\$ 6.34	\$ 5.99	\$ 6.47	\$ 6.34	\$ 5.99
Security Mutual/NY 68772	\$ 6.74	\$ 6.51	\$ 5.93	\$ 6.94	\$ 6.67	\$ 5.97
Southwestern Life 91391	\$ 5.90	\$ 5.78	\$ 5.45	-	-	-
Standard Insurance 69019	\$ 6.73	\$ 6.56	\$ 6.14	\$ 6.73	\$ 6.56	\$ 6.14
Trustmark Ins. Co. 62863	\$ 6.85	\$ 6.67	\$ 6.18	\$ 6.85	\$ 6.67	\$ 6.18
United of Omaha 69868	\$ 6.77	\$ 6.59	\$ 6.12	\$ 6.77	\$ 6.59	\$ 6.12
USG Annuity & Life 61247	\$ 6.87	\$ 6.62	\$ 6.04	\$ 6.87	\$ 6.62	\$ 6.04

Figures represent monthly income per \$1,000 assuming \$100,000 deposit. Survey period: May 15, 1998
¹ Formerly Western National Life

Immediate Annuities Update

Table 12. Single Life Annuities — Male Age 70

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C ²
American General Ann IC ¹ 70432	\$ 8.28	\$ 7.56	\$ 6.23	\$ 8.28	\$ 7.56	\$ 6.23
American Heritage 60534	\$ 8.95	\$ 8.15	\$ 6.73	\$ 8.95	\$ 8.15	\$ 6.73
American Life & Casualty 60682	\$ 7.70	\$ 7.13	\$ 5.95	\$ 7.70	\$ 7.13	\$ 5.95
Berkshire LIC 61433	\$ 8.85	\$ 8.15	\$ 6.83	-	-	-
Canada Life 80659	\$ 8.37	\$ 7.68	\$ 6.41	\$ 8.37	\$ 7.68	\$ 6.41
Charter National LIC 62808	\$ 7.52	\$ 6.65	\$ 5.62	\$ 7.52	\$ 6.65	\$ 5.62
Columbia Universal 77720	\$ 8.26	\$ 7.53	\$ 6.14	\$ 8.26	\$ 7.53	\$ 6.14
Commercial Union LIC 62898	\$ 8.48	\$ 7.72	\$ 6.44	\$ 8.48	\$ 7.72	\$ 6.44
Continental Assurance Co. 62413	\$ 8.48	\$ 7.77	\$ 6.59	\$ 8.49	\$ 7.79	\$ 6.60
Fidelity & Guaranty LIC 63274	\$ 8.55	\$ 7.76	\$ 6.47	\$ 8.00	\$ 7.46	\$ 6.41
Golden Rule 62286	\$ 7.81	\$ 7.23	\$ 6.10	\$ 7.81	\$ 7.23	\$ 6.10
Jackson National LIC 65056	\$ 8.48	\$ 7.73	\$ 6.42	\$ 7.90	\$ 7.39	\$ 6.35
Jefferson Pilot LIC 67865	\$ 8.26	\$ 7.62	\$ 6.19	\$ 8.26	\$ 7.62	\$ 6.19
Keyport Life 65234	\$ 8.74	\$ 8.05	\$ 6.72	\$ 8.27	\$ 7.76	\$ 6.67
Lincoln Benefit Life Co. 65595	\$ 8.29	\$ 7.70	\$ 6.64	\$ 8.29	\$ 7.70	\$ 6.64
London Pacific 68934	\$ 8.44	\$ 7.87	\$ 6.90	\$ 8.44	\$ 7.87	\$ 6.90
Manufacturer's LIC 65838	\$ 8.55	\$ 7.71	\$ 6.38	\$ 8.55	\$ 7.71	\$ 6.38
National Guardian LIC 66583	\$ 9.31	\$ 8.15	\$ 6.46	\$ 9.31	\$ 8.15	\$ 6.46
New York Life 66915	\$ 8.04	\$ 7.40	\$ 6.21	\$ 8.04	\$ 7.40	\$ 6.21
Ohio National 89206	\$ 8.34	\$ 7.58	\$ 6.31	\$ 8.34	\$ 7.58	\$ 6.31
Penn Mutual 67644	\$ 8.74	\$ 7.95	\$ 6.63	\$ 9.48	\$ 8.35	-
Presidential LIC 68039	\$ 8.64	\$ 7.96	\$ 6.78	\$ 8.64	\$ 7.96	\$ 6.78
Principal Mutual LIC 61271	\$ 7.92	\$ 7.28	\$ 6.16	\$ 7.94	\$ 7.31	\$ 6.18
Providentmutual L&A 70750	\$ 7.83	\$ 6.69	\$ 5.42	\$ 7.83	\$ 6.69	\$ 5.42
Providian Life & Health IC 66605	\$ 8.53	\$ 7.82	\$ 6.59	-	-	-
Reliance Standard LIC 68381	-	\$ 7.72	-	-	\$ 7.72	-
SAFECO LIC 68608	\$ 7.38	\$ 7.06	-	\$ 7.38	\$ 7.06	-
Security Benefit LIC 68675	\$ 8.23	\$ 7.59	\$ 6.47	\$ 8.23	\$ 7.59	\$ 6.47
Security Mutual/NY 68772	\$ 8.66	\$ 7.72	\$ 6.24	\$ 9.65	\$ 8.18	\$ 6.28
Southwestern Life 91391	\$ 7.61	\$ 7.02	\$ 5.93	-	-	-
Standard Insurance 69019	\$ 8.18	\$ 7.55	\$ 6.47	\$ 8.18	\$ 7.55	\$ 6.47
Trustmark Ins. Co. 62863	\$ 8.79	\$ 8.00	\$ 6.59	\$ 8.79	\$ 8.00	\$ 6.59
United of Omaha LIC 69868	\$ 8.63	\$ 7.85	\$ 6.51	\$ 8.63	\$ 7.85	-

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹Formerly Western National Life

²Exceeds maximum guarantee period allowed by IRS.

Immediate Annuities Update

Table 13. Single Life Annuities — Female Age 70

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C ²
American General Ann IC ¹ 70432	\$ 7.30	\$ 6.96	\$ 6.11	\$ 7.30	\$ 6.96	\$ 6.11
American Heritage 60534	\$ 7.90	\$ 7.52	\$ 6.61	\$ 7.90	\$ 7.52	\$ 6.61
American Life & Casualty 60682	\$ 6.81	\$ 6.55	\$ 5.80	\$ 6.81	\$ 6.55	\$ 5.80
Berkshire LIC 61433	\$ 7.82	\$ 7.53	\$ 6.71	-	-	-
Canada Life 80659	\$ 7.39	\$ 7.07	\$ 6.27	\$ 7.39	\$ 7.07	\$ 6.27
Charter National LIC 62808	\$ 6.53	\$ 6.03	\$ 5.43	\$ 6.53	\$ 6.03	\$ 5.43
Columbia Universal 77720	\$ 7.23	\$ 6.90	\$ 6.00	\$ 7.23	\$ 6.90	\$ 6.00
Commercial Union LIC 62898	\$ 7.53	\$ 7.16	\$ 6.34	\$ 7.53	\$ 7.16	\$ 6.34
Continental Assurance Co. 62413	\$ 7.48	\$ 7.17	\$ 6.45	\$ 7.50	\$ 7.18	\$ 6.46
Fidelity & Guaranty LIC 63274	\$ 7.44	\$ 7.13	\$ 6.33	\$ 8.00	\$ 7.46	\$ 6.41
Golden Rule 62286	\$ 7.09	\$ 6.78	\$ 5.99	\$ 7.09	\$ 6.78	\$ 5.99
Jackson National LIC 65056	\$ 7.50	\$ 7.14	\$ 6.30	\$ 7.90	\$ 7.39	\$ 6.35
Jefferson Pilot LIC 67865	\$ 7.27	\$ 6.99	\$ 6.06	\$ 7.27	\$ 6.99	\$ 6.06
Keyport Life 65234	\$ 7.80	\$ 7.47	\$ 6.60	\$ 8.27	\$ 7.76	\$ 6.67
Lincoln Benefit Life Co. 65595	\$ 7.41	\$ 7.13	\$ 6.47	\$ 7.41	\$ 7.13	\$ 6.47
London Pacific 68934	\$ 7.51	\$ 7.26	\$ 6.70	\$ 7.51	\$ 7.26	\$ 6.70
Manufacturer's LIC 65838	\$ 7.18	\$ 6.86	\$ 6.15	\$ 7.18	\$ 6.86	\$ 6.15
National Guardian LIC 66583	\$ 8.02	\$ 7.48	\$ 6.37	\$ 8.02	\$ 7.48	\$ 6.37
New York Life 66915	\$ 6.97	\$ 6.70	\$ 6.00	\$ 6.97	\$ 6.70	\$ 6.00
Ohio National 89206	\$ 7.26	\$ 6.92	\$ 6.14	\$ 7.26	\$ 6.92	\$ 6.14
Penn Mutual 67644	\$ 7.60	\$ 7.30	\$ 6.47	\$ 7.86	\$ 7.45	-
Presidential LIC 68039	\$ 7.84	\$ 7.48	\$ 6.68	\$ 7.84	\$ 7.48	\$ 6.68
Principal Mutual LIC 61271	\$ 6.87	\$ 6.59	\$ 5.93	\$ 6.89	\$ 6.61	\$ 5.94
Providentmutual L&A 70750	\$ 7.01	\$ 6.41	\$ 5.42	\$ 7.01	\$ 6.41	\$ 5.42
Providian Life & Health IC 66605	\$ 7.55	\$ 7.23	\$ 6.47	-	-	-
Reliance Standard LIC 68381	-	\$ 7.16	-	-	\$ 7.16	-
SAFECO LIC 68608	\$ 7.38	\$ 7.06	-	\$ 7.38	\$ 7.06	-
Security Benefit LIC 68675	\$ 7.24	\$ 6.96	\$ 6.29	\$ 7.24	\$ 6.96	\$ 6.29
Security Mutual/NY 68772	\$ 7.72	\$ 7.24	\$ 6.17	\$ 8.05	\$ 7.42	\$ 6.18
Southwestern Life 91391	\$ 6.65	\$ 6.39	\$ 5.76	-	-	-
Standard Insurance 69019	\$ 7.53	\$ 7.19	\$ 6.41	\$ 7.53	\$ 7.19	\$ 6.41
Trustmark Ins. Co. 62863	\$ 7.75	\$ 7.38	\$ 6.47	\$ 7.75	\$ 7.38	\$ 6.47
United of Omaha LIC 69868	\$ 7.63	\$ 7.26	\$ 6.39	\$ 7.63	\$ 7.26	-

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹Formerly Western National Life

²Exceeds maximum guarantee period allowed by IRS.

Immediate Annuities Update

Table 14. Single Life Annuities — Male Age 75

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C ²
American General Ann IC ¹ 70432	\$ 9.81	\$ 8.34	\$ 6.36	\$ 9.81	\$ 8.34	\$ 6.36
American Heritage 60534	\$10.60	\$ 8.97	\$ 6.86	\$10.60	\$ 8.97	\$ 6.86
American Life & Casualty 60682	\$ 8.90	\$ 7.84	\$ 6.10	\$ 8.90	\$ 7.84	\$ 6.10
Berkshire LIC 61433	\$10.30	\$ 8.91	\$ 6.95	-	-	-
Canada Life 80659	\$ 9.85	\$ 8.47	\$ 6.55	\$ 9.85	\$ 8.47	\$ 6.55
Charter National LIC 62808	\$ 9.12	\$ 7.47	\$ 5.82	\$ 9.12	\$ 7.47	\$ 5.82
Columbia Universal 77720	\$ 9.90	\$ 8.39	\$ 6.26	\$ 9.90	\$ 8.39	\$ 6.26
Commercial Union LIC 62898	\$ 9.96	\$ 8.44	\$ 6.55	\$ 9.96	\$ 8.44	\$ 6.55
Continental Assurance Co. 62413	\$ 9.93	\$ 8.53	\$ 6.73	\$ 9.95	\$ 8.55	\$ 6.74
Fidelity & Guraranty LIC 63274	\$10.08	\$ 8.55	\$ 6.59	\$ 9.39	\$ 8.27	\$ 6.56
Golden Rule 62286	\$ 9.20	\$ 8.01	\$ 6.26	\$ 9.20	\$ 8.01	\$ 6.26
Jackson National LIC 65056	\$10.02	\$ 8.49	\$ 6.53	\$ 9.26	\$ 8.18	\$ 6.50
Jefferson Pilot LIC 67865	\$ 9.67	\$ 8.40	\$ 6.30	\$ 9.67	\$ 8.40	\$ 6.30
Keyport Life 65234	\$10.16	\$ 8.81	\$ 6.83	\$ 9.59	\$ 8.55	\$ 6.81
Lincoln Benefit Life Co. 65595	\$ 9.71	\$ 8.52	\$ 6.85	\$ 9.71	\$ 8.52	\$ 6.85
London Pacific 68934	\$ 9.74	\$ 8.60	\$ 7.06	\$ 9.74	\$ 8.60	\$ 7.06
Manufacturer's LIC 65838	\$10.16	\$ 8.50	\$ 6.53	\$10.16	\$ 8.50	\$ 6.53
National Guardian LIC 66583	\$11.15	\$ 8.89	\$ 6.53	\$11.15	\$ 8.89	\$ 6.53
New York Life 66915	\$ 9.59	\$ 8.26	\$ 6.39	\$ 9.59	\$ 8.26	\$ 6.39
Ohio National 89206	\$ 9.95	\$ 8.40	\$ 6.46	\$ 9.95	\$ 8.40	\$ 6.46
Penn Mutual 67644	\$10.30	\$ 8.75	-	\$11.42	\$ 9.16	-
Presidential LIC 68039	\$10.12	\$ 8.74	\$ 6.91	\$10.12	\$ 8.74	\$ 6.91
Principal Mutual LIC 61271	\$ 9.26	\$ 8.00	\$ 6.23	-	-	-
Providentmutual L&A 70750	\$ 8.87	\$ 6.96	\$ 5.42	\$ 8.87	\$ 6.96	\$ 5.42
Providian Life & Health IC 66605	\$ 9.96	\$ 8.54	\$ 6.71	-	-	-
SAFECO LIC 68608	\$ 8.53	\$ 7.81	-	\$ 8.53	\$ 7.81	-
Security Benefit LIC 68675	\$ 9.68	\$ 8.39	\$ 6.64	\$ 9.68	\$ 8.39	\$ 6.64
Security Mutual/NY 68772	\$10.34	\$ 8.51	\$ 6.33	\$11.62	\$ 8.86	\$ 6.34
Southwestern Life 91391	\$ 9.02	\$ 7.81	\$ 6.11	-	-	-
Standard Insurance 69019	\$ 9.42	\$ 8.17	\$ 6.63	\$ 9.42	\$ 8.17	\$ 6.63
Trustmark Ins. Co. 62863	\$10.43	\$ 8.83	\$ 6.72	\$10.43	\$ 8.83	\$ 6.72
United of Omaha LIC 69868	\$10.19	\$ 8.64	\$ 6.63	\$10.19	\$ 8.64	-
USG Annuity & Life 61247	\$10.57	\$ 8.63	\$ 6.51	\$10.57	\$ 8.63	\$ 6.51

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹Formerly Western National Life

²Exceeds maximum guarantee period allowed by IRS.

Immediate Annuities Update

Table 15. Single Life Annuities — Female Age 75

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C ²
American General Ann IC ¹ 70432	\$ 8.56	\$ 7.79	\$ 6.30	\$ 8.56	\$ 7.79	\$ 6.30
American Heritage 60534	\$ 9.25	\$ 8.39	\$ 6.80	\$ 9.25	\$ 8.39	\$ 6.80
American Life & Casualty 60682	\$ 7.85	\$ 7.29	\$ 6.02	\$ 7.85	\$ 7.29	\$ 6.02
Berkshire LIC 61433	\$ 8.98	\$ 8.32	\$ 6.89	-	-	-
Canada Life 80659	\$ 8.63	\$ 7.90	\$ 6.48	\$ 8.63	\$ 7.90	\$ 6.48
Charter National LIC 62808	\$ 7.85	\$ 6.85	\$ 5.71	\$ 7.85	\$ 6.85	\$ 5.71
Columbia Universal 77720	\$ 8.59	\$ 7.79	\$ 6.21	\$ 8.59	\$ 7.79	\$ 6.21
Commercial Union LIC 62898	\$ 8.74	\$ 7.93	\$ 6.51	\$ 8.74	\$ 7.93	\$ 6.51
Continental Assurance Co. 62413	\$ 8.65	\$ 7.94	\$ 6.66	\$ 8.67	\$ 7.96	\$ 6.67
Fidelity & Guaranty LIC 63274	\$ 8.69	\$ 7.96	\$ 6.52	\$ 9.39	\$ 8.27	\$ 6.56
Golden Rule 62286	\$ 8.29	\$ 7.59	\$ 6.19	\$ 8.28	\$ 7.59	\$ 6.19
Jackson National LIC 65056	\$ 8.75	\$ 7.94	\$ 6.48	\$ 9.26	\$ 8.18	\$ 6.50
Jefferson Pilot LIC 67865	\$ 8.38	\$ 7.76	\$ 6.18	\$ 8.38	\$ 7.76	\$ 6.18
Keyport Life 65234	\$ 9.01	\$ 8.26	\$ 6.78	\$ 9.59	\$ 8.55	\$ 6.81
Lincoln Benefit Life Co. 65595	\$ 8.59	\$ 7.96	\$ 6.75	\$ 8.59	\$ 7.96	\$ 6.75
London Pacific 68934	\$ 8.54	\$ 7.98	\$ 6.94	\$ 8.54	\$ 7.98	\$ 6.94
Manufacturer's LIC 65838	\$ 8.39	\$ 7.67	\$ 6.40	\$ 8.39	\$ 7.67	\$ 6.40
National Guardian LIC 66583	\$ 9.51	\$ 8.32	\$ 6.50	\$ 9.51	\$ 8.32	\$ 6.50
New York Life 66915	\$ 8.22	\$ 7.57	\$ 6.28	\$ 8.22	\$ 7.57	\$ 6.28
Ohio National 89206	\$ 8.57	\$ 7.78	\$ 6.38	\$ 8.57	\$ 7.78	\$ 6.38
Penn Mutual 67644	\$ 8.75	\$ 8.15	-	\$ 9.24	\$ 8.32	-
Presidential LIC 68039	\$ 9.06	\$ 8.27	\$ 6.86	\$ 9.06	\$ 8.27	\$ 6.86
Principal Mutual LIC 61271	\$ 7.91	\$ 7.27	\$ 6.07	\$ 9.29	\$ 8.03	\$ 6.25
Providentmutual L&A 70750	\$ 7.01	\$ 6.41	\$ 5.42	\$ 7.01	\$ 6.41	\$ 5.42
Providian Life & Health IC 66605	\$ 8.70	\$ 7.98	\$ 6.65	-	-	-
SAFECO LIC 68608	\$ 8.53	\$ 7.81	-	\$ 8.53	\$ 7.81	-
Security Benefit LIC 68675	\$ 8.41	\$ 7.77	\$ 6.55	\$ 8.41	\$ 7.77	\$ 6.55
Security Mutual/NY 68772	\$ 9.24	\$ 8.13	\$ 6.30	\$ 9.66	\$ 8.23	\$ 6.30
Southwestern Life 91391	\$ 7.79	\$ 7.19	\$ 6.01	-	-	-
Standard Insurance 69019	\$ 8.61	\$ 7.85	\$ 6.61	\$ 8.61	\$ 7.85	\$ 6.61
Trustmark Ins. Co. 62863	\$ 9.09	\$ 8.25	\$ 6.47	\$ 9.09	\$ 8.25	\$ 6.47
United of Omaha LIC 69868	\$ 8.91	\$ 8.09	\$ 6.57	\$ 8.91	\$ 8.09	-
USG Annuity & Life 61247	\$ 9.06	\$ 8.05	\$ 6.45	\$ 9.06	\$ 8.05	\$ 6.45

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹Formerly Western National Life

²Exceeds maximum guarantee period allowed by IRS.

Immediate Annuities Update

Table 16. Single Life Annuities — Male Age 80

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C ²	20yr C&C ³
American General Ann IC ¹ 70432	\$11.97	\$ 9.07	\$ 6.41	\$11.97	\$ 9.07	\$ 6.41
American Heritage 60534	\$12.95	\$ 9.74	\$ 6.91	\$12.95	\$ 9.74	\$ 6.91
American Life & Casualty 60682	\$10.46	\$ 8.53	\$ 6.19	\$10.46	\$ 8.53	\$ 6.19
Berkshire Life 61433	\$12.34	\$ 9.63	\$ 7.00	-	-	-
Canada Life 80659	\$11.90	\$ 9.20	\$ 6.61	\$11.90	\$ 9.20	\$ 6.61
Charter National LIC 62808	\$11.37	\$ 8.33	\$ 5.93	\$11.37	\$ 8.33	\$ 5.93
Columbia Universal 77720	\$12.23	\$ 9.18	\$ 6.33	\$12.23	\$ 9.18	\$ 6.33
Commercial Union LIC 62898	\$12.08	\$ 9.11	\$ 6.60	\$12.08	\$ 9.11	\$ 6.60
Continental Assurance Co. 62413	\$12.06	\$ 9.28	\$ 6.80	\$12.08	\$ 9.80	\$ 6.81
Fidelity & Guaranty LIC 63274	\$12.35	\$ 9.32	\$ 6.64	\$11.46	\$ 9.11	\$ 6.63
Golden Rule 62286	\$11.19	\$ 8.81	\$ 6.32	\$11.19	\$ 8.81	\$ 6.32
Jackson National LIC 65056	\$12.22	\$ 9.20	\$ 6.58	\$11.28	\$ 8.98	\$ 6.57
Jefferson Pilot LIC 67865	\$11.68	\$ 9.17	\$ 6.40	\$11.68	\$ 9.17	\$ 6.40
Keyport Life 65234	\$12.09	\$ 9.51	\$ 6.89	\$11.43	\$ 9.34	\$ 6.88
Lincoln Benefit Life Co. 65595	\$ 9.77	\$ 9.34	\$ 6.98	\$ 9.77	\$ 9.34	\$ 6.98
London Pacific 68934	\$11.60	\$ 9.36	\$ 7.15	\$11.60	\$ 9.36	\$ 7.15
Manufacturers LIC 65838	\$12.38	\$ 9.18	\$ 6.59	\$12.38	\$ 9.18	\$ 6.59
National Guardian LIC 66583	\$13.78	\$ 9.52	\$ 6.56	\$13.78	\$ 9.52	\$ 6.56
New York Life 66915	\$11.82	\$ 9.12	\$ 6.48	\$11.82	\$ 9.12	\$ 6.48
Ohio National 89206	\$12.26	\$ 9.16	\$ 6.54	\$12.26	\$ 9.16	\$ 6.54
Penn Mutual 67644	\$12.28	\$ 9.42	-	\$13.89	-	-
Presidential LIC 68039	\$12.32	\$ 9.47	\$ 6.97	\$12.32	\$ 9.47	\$ 6.97
Principal Mutual LIC 61271	\$11.46	\$ 8.90	\$ 6.31	\$11.49	\$ 8.92	\$ 6.33
Providentmutual L&A 70750	\$10.22	\$ 7.22	\$ 5.42	\$10.22	\$ 7.22	\$ 5.42
Providian Life & Health 66605	\$12.02	\$ 9.25	\$ 6.76	-	-	-
SAFECO LIC 68608	\$10.23	\$ 8.66	-	\$10.23	\$ 8.66	-
Security Benefit LIC 68675	\$11.75	\$ 9.19	\$ 6.73	\$11.75	\$ 9.19	\$ 6.73
Security Mutual/NY 68772	\$12.85	\$ 9.24	\$ 6.36	\$14.45	\$ 9.40	\$ 6.36
Southwestern Life 91391	\$11.06	\$ 8.60	\$ 6.20	-	-	-
Standard Insurance 69019	\$11.32	\$ 8.85	\$ 6.72	\$11.32	\$ 8.85	\$ 6.72
Trustmark Ins. Co. 62863	\$12.77	\$ 9.61	\$ 6.78	\$12.77	\$ 9.61	\$ 6.78
United of Omaha 69868	\$12.42	\$ 9.36	\$ 6.68	\$12.42	-	-
USG Annuity & Life 61247	\$12.57	\$ 9.28	\$ 6.56	\$12.57	\$ 9.28	\$ 6.56

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹Formerly Western National LIC

²Exceeds maximum guarantee period allowed by IRS.

³Exceeds maximum guarantee period allowed by IRS.

Immediate Annuities Update

Table 17. Single Life Annuities — Female Age 80

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C ²	20yr C&C ³
American General Ann IC ¹ 70432	\$10.46	\$ 8.68	\$ 6.40	\$10.46	\$ 8.68	\$ 6.40
American Heritage 60534	\$11.30	\$ 9.33	\$ 6.90	\$11.30	\$ 9.33	\$ 6.90
American Life & Casualty 60682	\$ 9.28	\$ 8.10	\$ 6.15	\$ 9.28	\$ 8.10	\$ 6.15
Berkshire Life 61433	\$10.67	\$ 9.19	\$ 6.99	-	-	-
Canada Life 80659	\$10.45	\$ 8.80	\$ 6.59	\$10.45	\$ 8.80	\$ 6.59
Charter National LIC 62808	\$ 9.82	\$ 7.81	\$ 5.89	\$ 9.82	\$ 7.81	\$ 5.89
Columbia Universal 77720	\$10.61	\$ 8.76	\$ 6.31	\$10.61	\$ 8.76	\$ 6.31
Commercial Union LIC 62898	\$10.58	\$ 8.75	\$ 6.59	\$10.58	\$ 8.75	\$ 6.59
Continental Assurance Co. 62413	\$10.43	\$ 8.82	\$ 6.77	\$10.46	\$ 8.84	\$ 6.79
Fidelity & Guaranty LIC 63274	\$10.56	\$ 8.84	\$ 6.61	\$11.46	\$ 9.11	\$ 6.63
Golden Rule 62286	\$10.10	\$ 8.46	\$ 6.29	\$10.10	\$ 8.46	\$ 6.29
Jackson National LIC 65056	\$10.66	\$ 8.81	\$ 6.57	\$11.28	\$ 8.98	\$ 6.57
Jefferson Pilot LIC 67865	\$10.09	\$ 8.66	\$ 6.29	\$10.09	\$ 8.66	\$ 6.29
Keyport Life 65234	\$10.76	\$ 9.13	\$ 6.87	\$11.43	\$ 9.34	\$ 6.88
Lincoln Benefit Life Co. 65595	\$ 9.07	\$ 8.91	\$ 6.93	\$ 9.07	\$ 8.91	\$ 6.93
London Pacific 68934	\$10.11	\$ 8.83	\$ 7.09	\$10.11	\$ 8.83	\$ 7.09
Manufacturers LIC 65838	\$10.18	\$ 8.58	\$ 6.54	\$10.18	\$ 8.58	\$ 6.54
National Guardian LIC 66583	\$11.76	\$ 9.16	\$ 6.55	\$11.76	\$ 9.16	\$ 6.55
New York Life 66915	\$10.09	\$ 8.57	\$ 6.44	\$10.09	\$ 8.57	\$ 6.44
Ohio National 89206	\$10.55	\$ 8.71	\$ 6.51	\$10.55	\$ 8.71	\$ 6.51
Penn Mutual 67644	\$10.21	\$ 9.01	-	\$10.96	-	-
Presidential LIC 68039	\$10.94	\$ 9.13	\$ 6.95	\$10.94	\$ 9.13	\$ 6.95
Principal Mutual LIC 61271	\$ 9.60	\$ 8.16	\$ 6.22	\$ 9.63	\$ 8.19	\$ 6.24
Providentmutual L&A 70750	\$ 8.87	\$ 6.96	\$ 5.42	\$ 8.87	\$ 6.96	\$ 5.42
Providian Life & Health 66605	\$10.45	\$ 8.82	\$ 6.74	-	-	-
SAFECO LIC 68608	\$10.23	\$ 8.66	-	\$10.23	\$ 8.66	-
Security Benefit LIC 68675	\$10.17	\$ 8.70	\$ 6.70	\$10.17	\$ 8.70	\$ 6.70
Security Mutual/NY 68772	\$11.63	\$ 9.80	\$ 6.35	\$11.90	\$ 8.99	\$ 6.35
Southwestern Life 91391	\$ 9.51	\$ 8.11	\$ 6.17	-	-	-
Standard Insurance 69019	\$10.38	\$ 8.64	\$ 6.71	\$10.38	\$ 8.64	\$ 6.71
Trustmark Ins. Co. 62863	\$11.13	\$ 9.19	\$ 6.76	\$11.13	\$ 9.19	\$ 6.76
United of Omaha LIC 69868	\$10.85	\$ 8.97	\$ 6.67	\$10.85	\$ 8.97	-
USG Annuity & Life 61247	\$10.88	\$ 8.88	\$ 6.54	\$10.88	\$ 8.88	\$ 6.54

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹Formerly Western National LIC

²Exceeds maximum guarantee period allowed by IRS.

³Exceeds maximum guarantee period allowed by IRS.

Immediate Annuities Update

Table 18. Single Life Annuities — Male Age 85

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C ²	20yr C&C ³
American General Ann IC ¹ 70432	\$14.95	\$ 9.63	\$ 6.43	\$14.95	\$ 9.63	\$ 6.43
American Life & Casualty 60682	\$12.41	\$ 9.12	-	\$12.41	\$ 9.12	-
Berkshire LIC 61433	\$15.12	\$10.19	\$ 7.02	-	-	-
Charter National LIC 62808	\$14.47	\$ 9.10	\$ 5.97	\$14.47	\$ 9.10	\$ 5.97
Columbia Universal Life 77720	\$15.44	\$ 9.78	-	\$15.44	\$ 9.78	-
Commercial Union LIC 62898	\$15.01	\$ 9.62	\$ 6.62	\$15.01	\$ 9.62	\$ 6.62
Continental Assurance Co. 62413	\$15.72	\$ 9.89	\$ 6.82	\$15.15	\$ 9.65	\$ 6.83
Fidelity & Guaranty LIC 63274	\$15.82	\$ 9.92	-	\$14.60	\$ 9.77	-
Jefferson Pilot LIC 67865	\$14.56	\$ 9.79	\$ 6.50	\$14.56	\$ 9.79	\$ 6.50
Lincoln Benefit Life Co. 65595	\$11.29	\$10.04	\$ 7.03	\$11.29	\$10.04	\$ 7.03
London Pacific 68934	\$14.23	\$10.02	\$ 7.18	\$14.23	\$10.02	\$ 7.18
Manufacturers LIC 65838	\$ 15.68	\$ 9.75	\$ 6.61	\$ 15.68	-	-
National Guardian LIC 66583	\$17.49	\$ 9.94	\$ 6.57	\$17.49	\$ 9.94	\$ 6.57
New York Life 66915	\$ 15.02	\$ 9.81	\$ 6.51	\$ 15.02	\$ 9.81	\$ 6.51
Ohio National 89206	\$15.50	\$ 9.73	\$ 6.56	\$15.50	\$ 9.73	\$ 6.56
Penn Mutual 67644	\$14.73	\$ 9.94	-	\$16.74	-	-
Presidential LIC 68039	\$15.41	\$10.04	\$ 6.99	\$15.41	\$10.04	\$ 6.99
Principal Mutual LIC 61271	\$14.94	\$ 9.62	\$ 6.33	\$14.98	\$ 9.65	\$ 6.35
Providentmutual L&A 70750	\$12.01	\$ 7.45	\$ 5.42	\$12.01	\$ 7.45	\$ 5.42
SAFECO LIC 68608	\$12.75	\$ 9.38	-	\$12.75	\$ 9.38	-
Security Benefit LIC 68675	\$14.69	\$ 9.84	\$ 6.75	\$14.69	\$ 9.84	\$ 6.75
Security Mutual/NY 68772	\$16.75	\$ 9.77	\$ 6.36	\$18.05	\$ 9.74	\$ 6.36
Southwestern Life 91391	\$13.97	\$ 9.25	\$ 6.23	-	-	-
Standard Insurance 69019	\$14.16	\$ 9.48	\$ 6.75	\$14.16	\$ 9.48	\$ 6.75
United of Omaha LIC 69868	\$15.49	\$ 9.91	\$ 6.70	\$15.49	-	-
USG Annuity & Life 61247	\$15.36	\$ 9.80	\$ 6.58	\$15.36	\$ 9.80	\$ 6.58

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹Formerly Western National LIC

²Exceeds maximum guarantee period allowed by IRS.

³Exceeds maximum guarantee period allowed by IRS.

Immediate Annuities Update

Table 19. Single Life Annuities — Female Age 85

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C ²	20yr C&C ³
American General Ann IC ¹ 70432	\$ 13.30	\$ 9.43	\$ 6.43	\$13.30	\$ 9.43	\$ 6.43
American Life & Casualty 60682	\$11.23	\$ 8.84	-	\$11.23	\$ 8.84	-
Berkshire LIC 61433	\$13.11	\$ 9.94	\$ 7.02	-	-	-
Charter National LIC 62808	\$12.78	\$ 8.75	\$ 5.96	\$12.78	\$ 8.75	\$ 5.96
Columbia Universal Life 77720	\$ 13.67	\$ 9.57	-	\$ 13.67	\$ 9.57	-
Commercial Union LIC 62898	\$13.37	\$ 9.43	\$ 6.62	\$13.37	\$ 9.43	\$ 6.62
Continental Assurance Co. 62413	\$13.22	\$ 9.63	\$ 6.81	\$ 13.25	\$ 9.65	\$ 6.83
Fidelity & Guaranty LIC 63274	\$13.34	\$ 9.55	-	\$14.60	\$ 9.77	-
Jefferson Pilot LIC 67865	\$12.67	\$ 9.48	\$ 6.41	\$12.67	\$ 9.48	\$ 6.41
Lincoln Benefit Life Co. 65595	\$10.60	\$ 9.78	\$7.02	\$10.60	\$ 9.78	\$7.02
London Pacific 68934	\$12.51	\$ 9.66	\$7.16	\$12.51	\$ 9.66	\$7.16
Manufacturers LIC 65838	\$15.20	\$ 9.78	\$ 6.57	\$15.20	\$ 9.78	\$ 6.57
National Guardian LIC 66583	\$ 15.20	\$ 9.78	\$ 6.57	\$ 15.20	\$ 9.78	\$ 6.57
New York Life 66915	\$12.97	\$ 9.47	\$ 6.50	\$12.97	\$ 9.47	\$ 6.50
Ohio National 89206	\$13.58	\$ 9.50	\$ 6.55	\$13.58	\$ 9.50	\$ 6.55
Penn Mutual 67644	\$12.27	\$ 9.74	-	\$13.35	-	-
Presidential LIC 68039	\$13.86	\$ 9.85	\$ 6.98	\$13.86	\$ 9.85	\$ 6.98
Principal Mutual LIC 61271	\$12.08	\$ 8.97	\$ 6.29	\$12.12	\$ 8.99	\$ 6.31
Providentmutual L&A 70750	\$10.22	\$ 7.22	\$ 5.42	\$10.22	\$ 7.22	\$ 5.42
SAFECO LIC 68608	\$12.75	\$ 9.38	-	\$12.75	\$ 9.38	-
Security Benefit LIC 68675	\$12.88	\$ 9.56	\$ 6.75	\$12.88	\$ 9.56	\$ 6.75
Security Mutual/NY 68772	\$15.35	\$ 9.59	\$ 6.36	\$15.08	\$ 9.56	\$ 6.36
Southwestern Life 91391	\$12.15	\$ 8.97	\$ 6.22	-	-	-
Standard Insurance 69019	\$13.21	\$ 9.40	\$ 6.75	\$13.21	\$ 9.40	\$ 6.75
United of Omaha LIC 69868	\$13.78	\$ 9.71	\$ 6.70	\$13.78	-	-
USG Annuity & Life 61247	\$13.65	\$ 9.60	\$ 6.57	\$13.65	\$ 9.60	\$ 6.57

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹Formerly Western National LIC

²Exceeds maximum guarantee period allowed by IRS.

³Exceeds maximum guarantee period allowed by IRS.

Immediate Annuities Update

Table 20. Single Life Annuities — Male Age 90

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C ²	20yr C&C ³
American General Ann IC ¹ 70432	\$18.87	\$ 9.98	\$ 6.43	\$18.87	\$ 9.98	\$ 6.43
American Life & Casualty 60682	\$14.70	\$ 9.59	-	\$14.70	\$ 9.59	-
Charter National LIC 62808	\$18.58	\$ 9.68	\$ 5.97	\$18.58	\$ 9.68	\$ 5.97
Continental Assurance Co. 62413	\$19.41	\$10.30	\$ 6.82	\$19.45	\$ 10.33	\$ 6.83
Fidelity & Guaranty LIC 63274	\$21.60	\$10.19	-	\$19.40	\$10.12	-
Lincoln Benefit Life Co. 65595	\$11.29	\$10.04	\$ 7.03	\$11.29	\$10.04	\$ 7.03
Manufacturers LIC 65838	\$20.26	\$10.09	\$ 6.62	\$20.26	-	-
National Guardian LIC 66583	\$22.43	\$10.14	\$ 6.57	\$22.43	\$10.14	\$ 6.57
New York LIC 66915	\$19.48	\$10.24	\$ 6.52	\$19.48	\$10.24	\$ 6.52
Providentmutual L&A 70750	\$14.08	\$ 7.71	\$ 5.42	\$14.08	\$ 7.71	\$ 5.42
Security Benefit LIC 68675	\$18.81	\$10.29	\$ 6.76	\$18.81	\$10.29	\$ 6.76
Southwestern Life 91391	\$18.05	\$ 9.69	\$ 6.23	-	-	-
Standard Insurance 69019	\$18.05	\$ 9.90	\$ 6.76	\$18.05	\$ 9.90	\$ 6.76

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹Formerly Western National LIC

²Exceeds maximum guarantee period allowed by IRS.

³Exceeds maximum guarantee period allowed by IRS.

Immediate Annuities Update

Table 21. Single Life Annuities — Female Age 90

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C ²	20yr C&C ³
American General Ann IC ¹ 70432	\$17.36	\$ 9.89	\$ 6.43	\$17.36	\$ 9.89	\$ 6.43
American Life & Casualty 60682	\$13.64	\$ 9.41	-	\$13.64	\$ 9.41	-
Charter National LIC 62808	\$17.00	\$ 9.49	\$ 5.97	\$17.00	\$ 9.49	\$ 5.97
Commercial Union LIC 62898						
Continental Assurance Co. 62413	\$ 17.51	\$10.20	\$ 6.82	\$ 17.55	\$ 10.22	\$ 6.83
Fidelity & Guaranty LIC 63274	\$17.08	\$ 9.97	-	\$19.40	\$10.12	-
Lincoln Benefit Life Co. 65595	\$10.60	\$ 9.78	\$ 7.02	\$10.60	\$ 9.78	\$ 7.02
Manufacturers LIC 65838	\$16.92	\$ 9.86	\$ 6.62	\$16.92	-	-
National Guardian LIC 66583	\$20.41	\$10.09	\$ 6.57	\$20.41	\$10.09	\$ 6.57
New York LIC 66915	\$17.31	\$10.07	\$ 6.52	\$17.31	\$10.07	\$ 6.52
Providentmutual L&A 70750	\$12.01	\$ 7.45	\$ 5.42	\$12.01	\$ 7.45	\$ 5.42
Security Benefit LIC 68675	\$16.97	\$10.17	\$ 6.76	\$16.97	\$10.17	\$ 6.76
Southwestern Life 91391	\$16.18	\$ 9.57	\$ 6.23	-	-	-
Standard Insurance 69019	\$17.39	\$ 9.86	\$ 6.76	\$17.39	\$ 9.86	\$ 6.76

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹Formerly Western National LIC

²Exceeds maximum guarantee period allowed by IRS.

³Exceeds maximum guarantee period allowed by IRS.

Immediate Annuities Update

Table 22. Joint & Survivor Annuities — Male age 60, Female Age 57

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non- reducing	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non- reducing
American General Ann IC ¹ 70432	\$ 5.99	-	\$ 5.26	\$ 5.99	-	\$ 5.26
American Heritage Life 60534	\$ 6.51	\$ 6.29	\$ 5.72	\$ 6.51	\$ 6.29	\$ 5.72
American Life & Casualty 60682	\$ 5.70	-	\$ 4.93	\$ 5.70	-	\$ 4.93
Berkshire LIC 61433	\$ 6.62	-	\$ 5.91	-	-	-
Canada Life Assurance 80659	\$ 6.09	\$ 5.89	\$ 5.37	\$ 6.09	\$ 5.89	\$ 5.37
Charter National LIC 61802	-	\$ 4.86	\$ 4.42	-	\$ 4.86	\$ 4.42
Columbia Universal 72720	-	\$ 5.60	\$ 5.10	-	\$ 5.60	\$ 5.10
Commercial Union LIC 62898	\$ 6.28	\$ 6.08	\$ 5.57	\$ 6.28	\$ 6.08	\$ 5.57
Continental Assurance Co. 62413	\$ 6.34	\$ 6.16	\$ 5.67	\$ 6.36	\$ 6.17	\$ 5.68
Fidelity & Guaranty Life 63274	\$ 6.24	\$ 6.05	\$ 5.48	\$ 6.26	\$ 5.94	\$ 5.54
Golden Rule 62286	\$ 5.78	-	\$ 5.13	\$ 5.78	-	\$ 5.13
Jackson National Life 65056	\$ 6.21	\$ 6.00	\$ 5.46	\$ 6.17	\$ 5.87	\$ 5.48
Jefferson Pilot LIC 67865	\$ 6.05	\$ 5.77	\$ 5.34	\$ 6.05	\$ 5.77	\$ 5.34
Keyport Life 64602	\$ 6.47	-	\$ 5.75	\$ 6.48	-	\$ 5.79
Lincoln Benefit Life Co. 65595	\$ 6.16	\$ 5.95	\$ 5.45	\$ 6.16	\$ 5.95	\$ 5.45
Manufacturers LIC 65838	\$ 5.98	\$ 5.79	\$ 5.21	\$ 5.98	\$ 5.79	\$ 5.21
National Guardian LIC 66583	-	-	\$ 5.65	-	-	\$ 5.65
New York Life 66915	\$ 5.53	-	\$ 5.01	\$ 5.53	-	\$ 5.01
Ohio National 89206	\$ 5.58	-	\$ 4.96	\$ 5.58	-	\$ 4.96
Penn Ins. & Annuity Co. 93262	\$ 6.50	\$ 6.28	\$ 5.71	\$ 6.61	\$ 6.42	\$ 5.76
Penn Mutual 67644	\$ 6.50	\$ 6.28	\$ 5.71	\$ 6.61	\$ 6.42	\$ 5.76
Presidential LIC 68039	\$ 6.48	\$ 6.32	\$ 5.83	\$ 6.48	\$ 6.32	\$ 5.83
Principal Mutual LIC 61271	\$ 5.88	\$ 5.69	\$ 5.17	\$ 5.90	\$ 5.71	\$ 5.19
Providentmutual L&A 70750	\$ 5.93	-	\$ 4.63	-	-	\$ 4.63
Providian Life & Health 66605	\$ 6.43	\$ 6.25	\$ 5.77	-	-	-
Security Benefit LIC 68675	\$ 6.08	\$ 5.90	\$ 5.41	-	\$ 5.90	\$ 5.41
Security Mutual/NY 68772	-	\$ 5.98	\$ 5.39	-	\$ 6.21	\$ 5.50
Southwestern Life 91391	\$ 5.51	\$ 5.33	\$ 4.86	\$ 5.50	\$ 5.24	\$ 4.89
Standard Insurance 69019	\$ 6.19	\$ 5.97	\$ 5.52	\$ 6.19	\$ 5.97	\$ 5.52
United of Omaha LIC 69868	\$ 6.29	\$ 6.08	\$ 5.54	\$ 6.29	\$ 6.08	\$ 5.54
USG Annuity & Life 61247	\$ 6.38	-	\$ 5.52	\$ 6.38	-	\$ 5.52

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹ Formerly Western National LIC

Immediate Annuities Update

Table 23. Joint & Survivor Annuities — Male age 65, Female Age 62

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non- reducing	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non- reducing
American General Ann IC ¹ 70432	\$ 6.60	-	\$ 5.63	\$ 6.60	-	\$ 5.63
American Heritage 60534	\$ 7.15	\$ 6.85	\$ 6.12	\$ 7.15	\$ 6.85	\$ 6.12
American Life & Casualty 60682	\$ 6.29	-	\$ 5.32	\$ 6.29	-	\$ 5.32
Berkshire LIC 61433	\$ 7.20	-	\$ 6.26	-	-	-
Canada Life 80659	\$ 6.70	\$ 6.43	\$ 5.75	\$ 6.70	\$ 6.43	\$ 5.75
Charter National LIC 62808	-	\$ 5.34	\$ 4.77	-	\$ 5.34	\$ 4.77
Columbia Universal 77720	-	\$ 6.18	\$ 5.47	-	\$ 6.18	\$ 5.47
Commercial Union LIC 62898	\$ 6.86	\$ 6.59	\$ 5.92	\$ 6.86	\$ 6.59	\$ 5.92
Continental Assurance Co. 62413	\$ 6.89	\$ 6.64	\$ 5.98	\$ 6.90	\$ 6.65	\$ 6.00
Fidelity & Guaranty Life 63274	\$ 6.82	\$ 6.57	\$ 5.85	\$ 6.84	\$ 6.44	\$ 5.92
Golden Rule 62286	\$ 6.34	-	\$ 5.48	\$ 6.34	-	\$ 5.48
Jackson National LIC 65056	\$ 6.81	\$ 6.53	\$ 5.84	\$ 6.76	\$ 6.37	\$ 5.86
Jefferson Pilot LIC 67865	\$ 6.51	\$ 6.16	\$ 5.61	\$ 6.51	\$ 6.16	\$ 5.61
Keyport Life 65234	\$ 7.05	-	\$ 6.10	\$ 7.06	-	\$ 6.16
Lincoln Benefit Life Co. 65595	\$ 6.73	\$ 6.45	\$ 5.79	\$ 6.73	\$ 6.45	\$ 5.79
Manufacturers LIC 65838	\$ 6.63	\$ 6.34	\$ 5.59	\$ 6.63	\$ 6.34	\$ 5.59
National Guardian LIC 66583	-	-	\$ 6.09	-	-	\$ 6.09
New York Life 66915	\$ 6.06	-	\$ 5.38	\$ 6.06	-	\$ 5.38
Ohio National 89206	\$ 6.54	-	\$ 5.55	\$ 6.54	-	\$ 5.55
Penn Ins. & Annuity Co. 93262	\$ 7.10	\$ 6.82	\$ 6.08	\$ 7.32	\$ 7.06	\$ 6.18
Penn Mutual 67644	\$ 7.10	\$ 6.82	\$ 6.08	\$ 7.32	\$ 7.06	\$ 6.18
Presidential LIC 68039	\$ 7.11	\$ 6.83	\$ 6.19	\$ 7.11	\$ 6.83	\$ 6.19
Principal Mutual LIC 61271	\$ 6.38	\$ 6.14	\$ 5.47	\$ 6.40	\$ 6.16	\$ 5.49
Providentmutual L&A 70750	\$ 6.48	-	\$ 4.97	-	-	\$ 4.97
Providian Life and Health 66605	\$ 6.97	\$ 6.72	\$ 6.07	-	-	-
Reliance Standard 68381	\$ 6.87	-	\$ 5.83	\$ 6.87	-	\$ 5.83
Security Benefit LIC 68675	\$ 6.63	\$ 6.38	\$ 5.73	-	\$ 6.38	\$ 5.73
Security Mutual/NY 68772	-	\$ 6.55	\$ 5.81	-	\$ 6.91	\$ 5.98
Southwestern Life 91391	\$ 6.04	\$ 5.81	\$ 5.19	\$ 6.04	\$ 5.69	\$ 5.23
Standard Insurance 69019	\$ 6.75	\$ 6.46	\$ 5.87	\$ 6.75	\$ 6.46	\$ 5.87
United of Omaha 69868	\$ 6.91	\$ 6.62	\$ 5.91	\$ 6.91	\$ 6.62	\$ 5.91
USG Annuity & Life 61247	\$ 7.06	-	\$ 5.93	\$ 7.06	-	\$ 5.93

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹Formerly Western National Life

Immediate Annuities Update

Table 24. Joint & Survivor Annuities — Male age 70, Female Age 67

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non- reducing	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non- reducing
American General Ann IC ¹ 70432	\$ 7.45	-	\$ 6.17	\$ 7.45	-	\$ 6.17
American Heritage 60534	\$ 8.06	\$ 7.66	\$ 6.69	\$ 8.06	\$ 7.66	\$ 6.69
American Life & Casualty 60682	\$ 6.99	-	\$ 5.77	\$ 6.99	-	\$ 5.77
Berkshire LIC 61433	\$ 8.01	-	\$ 6.76	-	-	-
Canada Life 80659	\$ 7.54	\$ 7.18	\$ 6.29	\$ 7.54	\$ 7.18	\$ 6.29
Charter National LIC 62808	-	\$ 6.00	\$ 5.26	-	\$ 6.00	\$ 5.26
Columbia Universal 77720	-	\$ 6.99	\$ 6.04	-	\$ 6.99	\$ 6.04
Commercial Union LIC 62898	\$ 7.68	\$ 7.31	\$ 6.42	\$ 7.68	\$ 7.31	\$ 6.42
Continental Assurance Co. 62413	\$ 7.66	\$ 7.32	\$ 6.44	\$ 7.68	\$ 7.34	\$ 6.46
Fidelity & Guaranty Life 63274	\$ 7.64	\$ 7.30	\$ 6.38	\$ 7.68	\$ 7.16	\$ 6.48
First Colony LIC 63401						
Golden Rule 62286 70025	\$ 7.14	-	\$ 5.98	\$ 7.14	-	\$ 5.98
Jackson National LIC 65056	\$ 7.67	\$ 7.29	\$ 6.38	\$ 7.60	\$ 7.08	\$ 6.40
Jefferson Pilot LIC 67865	\$ 7.46	\$ 7.03	\$ 6.11	\$ 7.46	\$ 7.03	\$ 6.11
Keyport Life 65234	\$ 7.86	-	\$ 6.62	\$ 7.88	-	\$ 6.69
Lincoln Benefit Life Co. 65595	\$ 7.53	\$ 7.15	\$ 6.29	\$ 7.53	\$ 7.15	\$ 6.29
Manufacturers LIC 65838	\$ 7.49	\$ 7.15	\$ 6.14	\$ 7.49	\$ 7.15	\$ 6.14
National Guardian LIC 66583	-	-	\$ 6.72	-	-	\$ 6.72
New York Life 66915	\$ 6.80	-	\$ 5.90	\$ 6.80	-	\$ 5.90
Ohio National 89206	\$ 7.43	-	\$ 6.11	\$ 7.43	-	\$ 6.11
Penn Ins. & Annuity Co. 93262	\$ 7.91	\$ 7.53	\$ 6.56	\$ 8.29	\$ 7.92	\$ 6.76
Penn Mutual 67644	\$ 7.91	\$ 7.53	\$ 6.56	\$ 8.29	\$ 7.92	\$ 6.76
Presidential LIC 68039	\$ 7.93	\$ 7.55	\$ 6.70	\$ 7.93	\$ 7.55	\$ 6.70
Principal Mutual LIC 61271	\$ 7.13	\$ 6.80	\$ 5.93	\$ 7.15	\$ 6.83	\$ 5.95
Providentmutual L&A 70750	\$ 7.16	-	\$ 5.39	-	-	\$ 5.39
Providian Life & Health 66605	\$ 7.74	\$ 7.39	\$ 6.52	-	-	-
Security Benefit LIC 68675	\$ 7.41	\$ 7.08	\$ 6.21	-	\$ 7.08	\$ 6.21
Security Mutual/NY 68772	-	\$ 7.37	\$ 6.41	-	\$ 7.89	\$ 6.67
Southwestern Life 91391	\$ 6.81	\$ 6.49	\$ 5.66	\$ 6.82	\$ 6.35	\$ 5.73
Standard Insurance 69019	\$ 7.55	\$ 7.16	\$ 6.36	\$ 7.55	\$ 7.16	\$ 6.36
United of Omaha LIC 69868	\$ 7.77	\$ 7.39	\$ 6.46	\$ 7.77	\$ 7.39	\$ 6.46
USG Annuity & Life 61247	\$ 8.00	-	\$ 6.50	\$ 8.00	-	\$ 6.50

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹ Formerly Western National Life

Immediate Annuities Update

Table 25. Joint & Survivor Annuities — Male age 75, Female Age 72

Reporting Companies (NAIC IDNumber)	Non-Qualified Funds			Qualified Funds		
	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non- reducing	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non- reducing
American General Ann IC ¹ 70432	\$ 8.66	-	\$6.95	\$ 8.66	-	\$6.95
American Heritage 60534	\$ 9.36	\$ 8.79	\$ 7.51	\$ 9.36	\$ 8.79	\$ 7.51
American Life & Casualty 60682	\$ 7.95	-	\$ 6.39	\$ 7.95	-	\$ 6.39
Canada Life Assurance 80659	\$ 8.72	\$ 8.23	\$ 7.07	\$ 8.72	\$ 8.23	\$ 7.07
Charter National LIC 62808	-	\$ 6.92	\$ 5.94	-	\$ 6.92	\$ 5.94
Columbia Universal Life 77720	-	\$ 8.12	\$ 6.89	-	\$ 8.12	\$ 6.89
Commercial Union LIC 62898	\$ 8.85	\$ 8.33	\$ 7.15	\$ 8.85	\$ 8.33	\$ 7.15
Continental Assurance Co. 62413	\$ 8.79	\$ 8.30	\$ 7.13	\$ 8.81	\$ 8.32	\$ 7.15
Fidelity & Guaranty Life 63274	\$ 8.85	\$ 8.38	\$ 7.16	\$ 8.91	\$ 8.21	\$ 7.29
Golden Rule 62286	\$ 8.27	-	\$ 6.71	\$ 8.27	-	\$ 6.71
Jackson National LIC 65056	\$ 8.89	\$ 8.36	\$ 7.15	\$ 8.83	\$ 8.11	\$ 7.19
Jefferson Pilot LIC 67865	\$ 8.54	\$ 7.97	\$ 6.78	\$ 8.54	\$ 7.97	\$ 6.78
Keyport Life 65234	\$ 9.00	-	\$ 7.37	\$ 9.05	-	\$ 7.47
Lincoln Benefit Life Co. 65595	\$ 8.67	\$ 8.14	\$ 7.01	\$ 8.67	\$ 8.14	\$ 7.01
Manufacturers LIC 65838	\$ 8.70	\$ 8.22	\$ 6.90	\$ 8.70	\$ 8.22	\$ 6.90
National Guardian LIC 66583	-	-	\$ 7.63	-	-	\$ 7.63
New York Life 66915	\$ 7.86	-	\$ 6.66	\$ 7.86	-	\$ 6.66
Ohio National 89206	\$ 8.01	-	\$ 6.31	\$ 8.01	-	\$ 6.31
Penn Ins. & Annuity Co. 93262	\$ 9.04	\$ 8.54	\$ 7.27	\$ 9.69	\$ 9.16	\$ 7.63
Penn Mutual 67644	\$ 9.04	\$ 8.54	\$ 7.27	\$ 9.69	\$ 9.16	\$ 7.63
Presidential LIC 68039	\$ 9.10	\$ 8.58	\$ 7.45	\$ 9.10	\$ 8.58	\$ 7.45
Principal Mutual LIC 61271	\$ 8.24	\$ 7.78	\$ 6.62	\$ 8.27	\$ 7.81	\$ 6.64
Providentmutual L&A 70750	\$ 8.02	-	\$ 5.88	-	-	\$ 5.88
Providian Life & Health 66605	\$ 8.85	\$ 8.36	\$ 7.20	-	-	-
Security Benefit LIC 68675	\$ 8.54	\$ 8.06	\$ 6.91	-	\$ 8.06	\$ 6.91
Security Mutual/NY 68772	-	\$ 8.57	\$ 7.32	-	\$ 9.24	\$ 7.67
Southwestern Life 91391	\$ 7.91	\$ 7.46	\$ 6.35	\$ 7.95	\$ 7.29	\$ 6.45
Standard Insurance 69019	\$ 8.70	\$ 8.14	\$ 7.07	\$ 8.70	\$ 8.14	\$ 7.07
USG Annuity & Life 61247	\$ 9.26	-	\$ 7.30	\$ 9.26	-	\$ 7.30
United of Omaha 69868	\$ 9.01	\$ 8.47	\$ 7.25	\$ 9.01	\$ 8.47	\$ 7.25

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 15, 1998

¹Formerly Western National Life

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 20 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 **RnwI 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 26. Single Premium Fixed Interest Deferred Annuities - With Bailout

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '98 Base Rate	Additional 1st Yr. Bonus	Feb. '98 Base Rate	Nov. '97 Base Rate	Aug. '97 Base Rate	Rate Guar. Period	Bail-out Escape Rate	Guar. Rate	RnwI Mthd	Surrender Fees Yr 1	Yr 7
AIG Life 66842	SPDA	0-75	5.20%	1.00%	nr	nr	5.75%	1 Year	4.75%	3.00%	I	6%	0%
American Heritage 60534	SPDA-2	0-75	5.75%	-	5.75%	6.13%	6.13%	1 Year	5.75%	5.00%	I	7%	1%
Columbia Universal 77720	Pres. Choice	0-85	5.50%	1.00%	-	-	-	1 Year	5.50%	4.50%	I	8%	0%
Jefferson Pilot 67865	SPDA	0-85	5.40%	-	5.10%	5.30%	5.45%	1 Year	na	4.50%	I	5%	1%
Lincoln Benefit 65595	Opportunist III	0-99	5.60%	-	4.75%	5.70%	5.70%	1 Year	4.85%	4.00%	I	7%	4%
New York Life 66915	SPRA-2	-	5.00%	1.00%	-	-	-	1 Year	3.00%	3.00%	P	7%	4%
Ohio National 89206	Choice Classic	0-80	5.70%	-	5.70%	5.70%	na	1 Year	4.70%	3.00%	I	8%	2%
Presidential Life 68039	SPDA II	0-85	6.05%	-	6.05%	6.30%	6.50%	2 Yrs	na	5.00%	I	6%	2%
Providentmutual 70750	SPDA I	0-75	5.15%	-	4.85%	5.85%	6.10%	2 Yrs	4.15%	3.00%	I	7%	1%
Providentmutual 70750	SPDA II	0-75	4.90%	-	4.60%	5.60%	5.85%	2 Yrs	3.90%	3.00%	I	7%	1%
Security Mutual/NY 68772	SPDA	0-80	5.00%	-	4.75%	4.95%	5.15%	1 Year	4.00%	3.50%	I	5%	0%
Security Mutual/NY 68772	SPDA	0-80	5.25%	-	5.00%	5.20%	5.35%	3 Yrs	4.25%	3.50%	I	5%	0%
Standard Insurance 69019	SPDA	0-80	5.18%	-	5.18%	5.92%	6.02%	1 Year	3.50%	3.00%	I	7%	1%
Standard Insurance 69019	Advanced Rate	0-80	6.08%	-	6.08%	na	na	1 Year	4.50%	3.00%	I	7%	1%

Survey period: May 15, 1998; nr = product not reported for this issue.

Deferred Annuities Update

Table 27. Single Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '98 Base Rate	Additional 1st Yr. Bonus	Feb '98 Base Rate	Nov. '97 Base Rate	Aug. '97 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Yr 7
AIG 66842	SPDA	0-75	5.20%	1.00%	nr	nr	5.75%	-	3.00%	I	6%	0%
American General ¹ 70432	Envision +II	0-85	5.25%	1.00%	5.25%	5.75%	5.75%	1 Year	3.00%	I	9%	2%
American General ¹ 70432	SPDA +2	0-85	5.00%	-	5.25%	5.50%	5.50%	1 Year	4.00%	I	7%	0%
American General ¹ 70432	Vision 1	0-85	5.25%	2.00%	5.50%	5.75%	5.75%	1 Year	3.00%	I	9%	5%
American General ¹ 70432	Ultravision	0-85	5.00%	2.00%	5.00%	5.50%	5.50%	1 Year	3.00%	I	9%	2%
American General ¹ 70432	Ultra Extra	0-85	5.10%	2.90%	-	-	-	1 Year	3.00%	I	8%	2%
American Life & Casualty 60682	SPDA 8	0-85	4.85%	1.00%	5.10%	nr	nr	1 Year	4.00%	I	10%	3%
Canada Life Assurance 80659	Security 1	0-80	5.00%	1.00%	nr	nr	5.40%	1 Year	3.00%	I	7%	2%
Columbia Universal 77720	Heritage	0-85	5.00%	2.75%	5.65%	nr	nr	1 Year	4.00%	-	9%	2%
Columbia Universal 77720	Pres. Choice	0-85	nr	1.00%	nr	5.55%	5.75%	1 Year	4.50%	I	8%	0%
Commercial Union 62898	Port. Secure	0-85	4.60%	1.00%	4.40%	5.00%	nr	1 Year	-	P	6%	1%
Delta Life & Annuity 65145	FYI	1-99	nr	nr	nr	nr	nr	1 Year	4.00%	I	8%	2%
Fidelity & Guar. Life 63274	Optimum +	18-85	nr	2.00%	5.00%	nr	5.00%	1 Year	3.00%	I	9%	2%
Fidelity & Guar. Life 63274	Resolute 4	18-85	5.20%	1.00%	-	-	-	4 Yrs	3.00%	I	9%	2%
Fidelity & Guar. Life 63274	Resolute +	18-85	5.50%	2.00%	-	-	-	1 Year	3.00%	I	9%	2%
Fidelity & Guar. Life 63274	Wealthmaster 4	18-85	5.65%	1.00%	-	-	-	4 Yrs	3.00%	I	9%	2%
Fidelity & Guar. Life 63274	Wealthmaster 5	18-85	6.00%	1.00%	-	-	-	5 Yrs.	3.00%	I	9%	2%
Fidelity & Guar. Life 63274	Wealthmaster +	18-85	5.95%	2.00%	-	-	-	1 Year	3.00%	I	9%	2%
Fidelity & Guar. Life 63274	Fidelity Plus	18-85	5.50%	2.00%	-	-	-	1 Year	3.00%	I	5%	0%
Fort Dearborn LIC 71129	Asset Fort. 5	0-75	6.45%	1.50%	4.80%	5.30%	5.45%	1 Year	4.00%	I	8%	0%
Fort Dearborn LIC 71129	Capital Fort.	0-80	4.95%	2.00%	4.80%	5.30%	5.45%	1 Year	3.00%	I	10%	2%
Fort Dearborn LIC 71129	Financial Fort. +	0-85	5.15%	1.00%	5.00%	5.50%	5.65%	1 Year	4.00%	I	6%	0%
Fort Dearborn LIC 71129	Gold. Fort 100	0-95	5.30%	1.50%	5.15%	5.65%	5.65%	1 Year	3.00%	I	9%	4%
Golden Rule 62286	Ult. Bonus	0-72	5.60%	3.00%	5.60%	5.60%	5.60%	1 Year	3.00%	I	8%	2%
Guarantee Life 64181	Premier Platinum	0-85	4.80%	1.00%	nr	nr	5.45%	1 Year	3.50%	P	8%	3%
Guarantee Life 64181	Premier Flex	0-70	4.60%	.50%	na	na	na	1 Year	3.50%	na	11%	6%
Jackson National 65056	Action Two	0-85	4.70%	2.00%	4.70%	4.95%	5.45%	1 Year	3.00%	I	9%	3%
Jackson National 65056	Bonus Max	0-85	5.50%	1.75%	5.50%	5.75%	nr	1 Year	3.00%	I	9%	3%
Jackson National 65056	Bonus Max 1	0-85	5.50%	3.75%	5.50%	5.75%	nr	1 Year	3.00%	I	9%	3%
Jefferson Pilot 67865	Flex Savers	0-85	4.90%	1.00%	4.90%	5.45%	nr	1 Year	3.50%	na	7%	2%
continued...												

Survey period: May 15, 1998; nr = product not reported for this issue.
¹Formerly Western National Life

Deferred Annuities Update

Table 27. Single Premium Fixed Interest Deferred Annuities - Without Bailout, cont'd

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '98 Base Rate	Additional 1st Yr. Bonus	Feb '98 Base Rate	Nov. '97 Base Rate	Aug. '97 Base Rate	Rate Guar. Period	Guar. Rate	Rnw1 Mthd	Surrender Fees Yr 1 - Yr 7
Jefferson Pilot 67865	Flex Savers Bonus	0-85	5.20%	1.00%	-	-	-	1 Year	3.50%	na	7%
Jefferson Pilot 67865	Pilot Plus	0-85	5.25%	2.00%	5.00%	5.60%	nr	1 Year	3.00%	I	9%
Jefferson Pilot 67865	Sec. Advantage	0-85	5.40%	-	5.10%	5.65%	nr	1 Year	3.50%	na	7%
Jefferson Pilot 67865	Secure Plan	0-85	5.40%	-	nr	5.55%	nr	1 Year	3.50%	na	7%
Jefferson Pilot 67865	Single 5	0-85	5.00%	-	-	-	-	5 Yrs.	3.25%	P	7%
Keyport Life 64602	Key Annuity	0-85	5.10%	-	5.00%	5.40%	5.30%	1 Year	3.50%	na	7%
Life Insur. Co./Southwest 65528	SPDA 4	0-75	5.00%	1.50%	-	-	-	2 Yrs	3.00%	I	10%
Life Insur. Co./Southwest 65528	SPDA 3	0-80	5.00%	1.00%	-	-	-	2 Yrs	3.00%	I	10%
Lincoln Benefit 65595	Opportunist III	0-99	5.85%	-	5.00%	5.95%	5.95%	1 Year	4.00%	I	7%
Lincoln Benefit 65595	Saver's Choice	0-99	5.60%	1.50%	4.75%	5.70%	nr	1 Year	3.50%	I	7%
Lincoln Benefit 65595	Saver's Choice+	0-99	5.60%	2.50%	4.75%	5.70%	nr	1 Year	3.50%	I	7%
London Pacific 68934	Opt. Income+	0-80	5.35%	1.65%	5.35%	5.35%	5.60%	1 Year	3.00%	I	10%
Manufacturers LIC n/a	SPDA II	0-80	4.70%	-	nr	4.60%	4.60%	5 Years	4.00%	P	no surrender
National Guardian 66583	SPDA	0-85	6.15%	-	nr	5.90%	6.40%	1 Year	4.00%	P	7%
National Guardian 66583	Asset Guard	0-90	5.50%	2.00%	5.50%	5.50%	na	1 Year	3.00%	P	7%
New York Life	Lifestages	na	5.00%	1.00%	-	-	-	1 Year	3.00%	P	7%
Ohio National 89206	Choice Heritage	0-80	5.85%	-	5.85%	5.85%	nr	1 Year	3.00%	P	6%
Ohio National 89206	Choice Legacy	81-90	5.70%	-	5.70%	5.70%	nr	1 Year	3.00%	I	6%
Penn Mutual Life 67644	Diversifier II	0-85	5.15%	-	5.07%	5.20%	5.30%	1 Year	4.00%	I	7%
Penn Mutual Life 67644	Diversifier II	0-85	4.20%	-	4.90%	4.30%	4.60%	3 Years	4.00%	I	7%
Penn Mutual Life 67644	Diversifier II	0-85	4.50%	-	4.30%	4.60%	4.90%	5 Years	4.00%	I	7%
Penn Mutual Life 67644	Diversifier II	0-85	4.60%	-	4.50%	4.80%	5.00%	7 Years	4.00%	I	7%
Penn Mutual Life 67644	Tradewind	0-85	5.00%	1.00%	5.00%	5.35%	5.60%	1 Year	3.00%	I	9%
Presidential 68039	SPDA	0-85	6.45%	-	6.45%	6.70%	6.90%	1 Year	5.00%	I	6%
Principal Mutual 61271	SPDA	0-95	nr	-	nr	5.90%	5.65%	1 Year	3.00%	I	6%
Principal Mutual 61271	SPDA+	0-95	5.15%	1.00%	5.00%	5.75%	5.50%	1 Year	3.00%	I	6%
Providentmutual L&A 70750	SPDA III	0-70	5.40%	-	5.10%	6.10%	6.35%	2 Years	3.00%	I	3%
Providentmutual L&A 70750	SPDA IV	0-70	4.70%	1.40%	4.40%	5.40%	5.65%	2 Years	3.00%	I	5%
Providentmutual L&A 70750	SPDA V	0-70	4.70%	1.00%	4.40%	5.40%	5.65%	1 Year	3.00%	I	7%
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Survey period: May 15, 1998; nr = product not reported for this issue.

Deferred Annuities Update

Table 27. cont'd. Single Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '98 Base Rate	Additional 1st Yr. Bonus	Feb. '98 Base Rate	Nov. '97 Base Rate	Aug. '97 Base Rate	Rate Guar. Period	Guar. Rate	Rnw'l Mthd	Surrender Fees Yr 1 - Yr 7
Reliance Standard 68381	Apollo-MVA	0-85	5.00%	2.00%	5.00%	5.00%	5.25%	1 Year	3.00%	P	9% 2%
Reliance Standard 68381	Apollo-SP	0-85	4.70%	2.00%	4.70%	4.70%	4.95%	1 Year	3.00%	P	9% 2%
Reliance Standard 68381	Athena-MVA	0-85	5.00%	6.00%	5.00%	5.00%	5.25%	1 Year	3.00%	P	9% 2%
Reliance Standard 68381	Athena SP	0-85	4.70%	6.00%	4.70%	4.70%	4.95%	1 Year	3.00%	P	9% 2%
SAFECO LIC 66608	QPA III +	0-75	4.75%	1.25%	4.75%	5.00%	5.25%	1 Year	4.34%	I	9% 4%
SAFECO LIC 66608	QPA V +	0-75	4.80%	1.40%	4.80%	5.05%	5.30%	1 Year	3.00%	I	8% 2%
Savings Bank LIC/MA 70435	LifeSaver	0-80	nr	nr	nr	nr	5.40%	1 Year	4.00%	I	7% 1%
Security Benefit 68675	Sec. Premier I	0-95	5.25%	1.00%	5.00%	5.50%	5.50%	1 Year	3.50%	I	8% 0%
Security Benefit 68675	Sec. Premier 3	0-95	5.00%	1.00%	4.75%	nr	nr	3 Years	3.50%	I	8% 0%
Security Benefit 68675	Secur. Prov. I	0-95	5.25%	2.00%	5.00%	5.50%	5.50%	1 Year	3.50%	I	9% 0%
Security Benefit 68675	Secur. Prov. 3	0-95	5.00%	2.00%	4.75%	na	na	3 Years	3.50%	I	9% 0%
Security Mutual/NY 68772	SPDA	0-80	5.25%	-	5.00%	5.20%	5.40%	1 Year	3.50%	I	5% 0%
Security Mutual/NY 68772	SPDA	0-80	5.50%	-	5.50%	5.45%	5.65%	3 Years	3.50%	I	5% 0%
Southwestern LIC 91391	Advantage 7	0-80	4.90%	1.00%	4.65%	4.85%	5.05%	1 Year	3.50%	I	8% 2%
Southwestern LIC 91391	Golden Bonus	0-85	4.95%	2.50%	4.70%	4.90%	5.10%	1 Year	3.00%	I	12% 9%
Southwestern LIC 91391	Income Prov. Adv.	0-80	5.15%	1.00%	4.90%	5.10%	5.30%	2 Years	4.00%	I	10% 7%
Standard Insurance 69019	SPDA	0-80	5.18%	-	nr	5.92%	6.02%	1 Year	3.00%	I	7% 1%
Standard Insurance 69019	Advanced Rate	0-80	6.08%	-	-	-	-	1 Year	3.00%	I	7% 1%
Trustmark Life 62863	SPDA Plus	0-75	nr	0.50%	6.10%	6.10%	6.10%	1 Year	4.00%	P	7% 0%
USG Annuity & Life 61247	Advant. Gold	0-85	nr	nr	nr	nr	6.15%	1 Year	3.00%	I	7% 3%
USG Annuity & Life 61247	Adv. Platinum	0-85	5.75%	-	nr	6.15%	nr	8 Years	3.00%	I	5% 3%
USG Annuity & Life 61247	Interest Builder	0-85	4.75%	8.75%	nr	5.00%	5.15%	1 Year	3.00%	I	10% 3%
USG Annuity & Life 61247	Cornerstone	0-90	4.65%	3.00%	nr	5.00%	5.15%	1 Year	3.00%	I	9% 3%
USG Annuity & Life 61247	MVA 3	0-85	4.25%	2.00%	nr	5.00%	5.25%	1 Year	3.00%	I	9% 2%
USG Annuity & Life 61247	MVA 9	0-85	5.00%	2.00%	nr	5.25%	6.15%	1 Year	3.00%	I	9% 3%
USG Annuity & Life 61247	Select Guar	na	5.75%	3.00%	nr	6.00%	nr	8 Years	3.00%	-	- -
United of Omaha LIC 69868	Ultrannuity	0-89	5.35%	1.00%	-	-	-	1 Year	3.00%	P	7% 0%
United of Omaha LIC 69868	Ultrannuity	0-89	5.20%	.35%	-	-	-	3 Years	3.00%	P	7% 0%

Survey period: May 15, 1988; nr = product not reported for this issue.

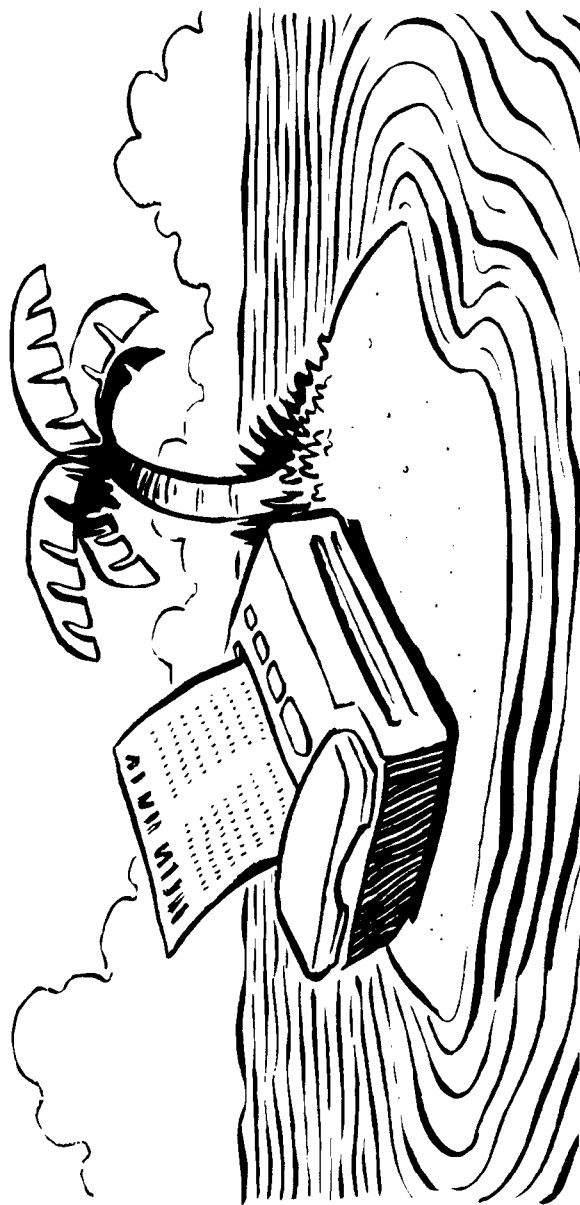
Deferred Annuities Update

Table 28. Single Premium Certificates of Annuity With Free Surrender Every Anniversary Date

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '98		Feb. '98		Nov. '97		Aug. '97 Full Rate	Rate Guar. Period	Penalty for Excess Withdrawals Taken Mid-Year (Non-Anniversary Date)								
			Full Rate	Rate	Full Rate	Rate	Full Rate	Rate			1	2	3	4	5	6	7	8	9
Columbia Universal 77720	Your Choice	0-100	5.05%	5.05%	4.80%	5.05%	5.10%	3 mos.			2%	2%	2%	2%	2%	2%	2%	2%	2%
Commercial Union 52898	Select Rate 1	0-85	3.95%	4.20%	3.75%	4.20%	nr	1 Year			6%	6%	6%	6%	6%	6%	6%	6%	6%
Delta Life & Annuity 65145	Guar. Interest	0-99	nr	nr	4.30%	nr	4.55%	1 Year			3%	3%	3%	3%	3%	3%	3%	3%	3%
Lincoln Benefit 65595	Tactician 10	0-99	4.55%	nr	4.00%	nr	4.45%	1 Year			6%	6%	6%	6%	6%	6%	6%	6%	6%
Providentmutual L&A 70750	Asset. Accumul.	0-75	4.92%	4.94%	4.73%	4.94%	4.95%	1 Year			3%	3%	3%	3%	3%	3%	3%	2%	1%

Survey period: May 15, 1998; nr = product not reported for this issue.

Fax all your annuity requests to: 732-521-5113
(or call 800-872-6684)



Deferred Annuities Update

Table 29. Single Premium Certificates of Annuity Without Surrender Charges on Maturity Date

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '98 Full Rate	Feb. '98 Full Rate	Nov '97 Full Rate	Aug '97 Full Rate	Yield Guar. Period	1	2	3	4	5	6	7	8	9	10
Comm. Union # 62898	Select Rate 7	0-85	4.70%	4.55%	5.15%	nr	7 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Comm. Union # 62898	Select Rate 5	0-85	4.40%	4.25%	5.00%	nr	5 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Comm. Union # 62898	Select Rate 3	0-85	4.25%	4.10%	4.75%	nr	3 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-99	7.05%	6.25%	8.00%	5.55%	10 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-99	6.95%	6.20%	7.95%	5.50%	9 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	na
Lincoln Benefit 65595	Tactician 10	0-99	6.85%	6.15%	7.90%	5.40%	8 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	na	na
Lincoln Benefit 65595	Tactician 10	0-99	6.75%	6.10%	7.85%	5.35%	7 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-99	6.65%	6.05%	7.70%	5.25%	6 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-99	6.55%	6.00%	7.50%	5.20%	5 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%

Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity
Survey period: May 15, 1998; nr = product not reported for this issue.

Table 30. Flexible Premium Fixed Interest Deferred Annuities - With Bailout

Reporting Companies	Policy Name	Issue Ages	May '97 Base Rate	Feb. '97 Base Rate	Additional 1st Year Bonus	Nov. '97 Base Rate	Aug. '97 Base Rate	Rate Guar. Period	Bail-out Escape Rate	Guar. Rate	Rowl Method	Surrender Fees Yr 1	Yr 7
Franklin LIC 63622	Pres. Ann. IIA	0-75	nr	nr	nr	nr	5.75%	1 Year	5.75%	4.00%	I	10%	4%
Prudential Life 68241	Discovery	0-85	nr	5.45%	-	5.45%	5.55%	3 Years	4.45%	3.10%	I	7%	0%
Security Mutual/NY 68772	FPA	0-80	5.00%	4.75%	-	4.95%	5.15%	1 Year	inoperable	4.50%	P	7%	4%
Standard Insurance Co 69019	FPDA	0-80	4.76%	4.76%	-	5.39%	5.55%	1 Year	3.50%	3.00%	I	7%	3%

Survey period: May 15, 1998; nr = not reported for this issue.

Deferred Annuities Update

Table 31. Flexible Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '98 Base Rate	Additional 1st Yr. Bonus	Feb. '98 Base Rate	Nov. '97 Base Rate	Aug. '97 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Yr 7
AIG Life 66842	FPDA	0-80	5.20%	1.00%	nr	nr	5.75%	-	3.00%	I	10%	4%
American General ¹ 70432	FPDA Plus III	0-70	5.25%	-	5.50%	5.75%	5.75%	-	3.00%	I	8%	2%
American General ¹ 70432	Vision Flex	0-70	5.50%	-	5.75%	6.00%	6.00%	-	3.00%	I	10%	6%
American Heritage Life 60534	PFPDA	0-69	5.25%	-	5.25%	5.63%	5.63%	-	4.00%	I	10%	2%
American Life & Casualty 60682	FPDA - 81	0-85	4.80%	3.00%	5.05%	na	na	1 Year	3.00%	I	12%	7%
Columbia Universal 77720	FPDA II	0-75	5.50%	-	5.75%	5.75%	5.75%	1 Year	4.50%	P	10%	4%
Commercial Union 62898	Alliance Flex 10	0-85	5.72%	nr	5.65%	nr	nr	1 month	3.50%	P	10%	4%
Commercial Union 62898	Alliance Plus	0-85	5.72%	4.00%	5.65%	nr	nr	1 month	3.50%	P	10%	4%
Delta Life & Annuity 65145	No Load	0-99	nr	nr	5.75%	nr	5.90%	1 Year	5.40%	I	0%	0%
Fidelity & Guar. Life	F&G III	0-85	5.70%	1.00%	nr	nr	5.50%	3 Years	3.00%	I	5%	0%
Fidelity & Guar. 63274	Fidelity	0-85	5.80%	1.00%	5.00%	nr	nr	1 Year	3.00%	-	5%	0%
Fort Dearborn Life	Fortifier II	0-85	5.65%	-	5.50%	6.00%	6.15%	1 Year	4.00%	I	6%	0%
Golden Rule	Flex-Vantage	0-70	nr	1.00%	5.60%	5.60%	5.60%	1 Year	3.00%	I	9%	4%
Guarantee LIC 64181	Premier Flex	0-70	4.60%	.50%	-	-	-	1 Year	3.50%	-	11%	6%
Jackson National LIC 65056	Flex I	0-85	5.50%	-	5.50%	5.75%	nr	1 Year	3.00%	I	12%	3%
Jefferson Pilot LIC 67865	FPDA	0-75	5.30%	-	5.00%	na	na	-	3.50%	I	9%	5%
Jefferson Pilot LIC 67865	Flex 7	0-85	5.25%	1.50%	na	na	na	1 Year	3.25%	na	7%	2%
Jefferson Pilot LIC 68765	Secure Advant.	0-85	nr	nr	nr	nr	5.80%	1 Year	3.50%	I	7%	2%
Jefferson Pilot LIC 68765	Secure Plan	0-85	nr	nr	nr	nr	5.70%	1 Year	3.50%	I	5%	0%
Jefferson Pilot LIC 68765	Flex 5	-	5.35%	.50%	nr	nr	nr	1 Year	3.25%	-	7%	0%

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Survey period: May 15, 1998; nr = product not reported for this issue.

¹Formerly Western National Life

Deferred Annuities Update

Table 31. Cont'd. Flexible Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '97 Base Rate	Additional 1st Yr. Bonus	Feb. '97 Base Rate	Nov. '97 Base Rate	Aug. '97 Base Rate	Rate Guar. Period	Guar. Rate	Rnw/ Mthd	Surrender Fees Yr 1	Surrender Fees Yr 7
Keyport Life 64602	Key Addition	0-85	4.90%	1.00%	4.75%	na	na	1 Year	3.50%	I	7%	3%
Life/Southwest 65528	Flex 3000	0-80	5.00%	1.00%	na	na	na	2 Yrs.	3.00%	I	7%	1%
Lincoln Benefit 65595	Futurist Gold I	0-99	5.70%	1.00%	5.70%	na	na	3 Mos.	3.50%	P	7%	3%
London Pacific 68934	Future Guard	no limit	6.10%	-	5.85%	6.10%	6.10%	1 Year	3.00%	P	12%	8%
London Pacific 68934	Royal Guard	0-80	6.10%	-	5.85%	na	na	1 Year	3.00%	P	7%	0%
National Guardian 66584	FPA	0-80	5.00%	-	5.45%	5.45%	5.85%	6 Mos.	4.00%	P	10%	3%
National Guardian 66584	Super Flex	0-85	6.20%	-	5.70%	na	na	6 Mos.	4.00%	P	10%	6%
New York Life 69915	Lifestages	0-85	5.00%	-	-	-	-	1 Year	3.00%	P	7%	3%
Ohio National 89206	Prime I	0-75	6.00%	-	6.00%	6.00%	nr	-	4.00%	I	7.8%	7.8%
Ohio National 89206	Prime II	0-75	5.70%	-	5.70%	5.70%	nr	1 Year	4.00%	I	8%	3%
Penn Mutual Life 67644	Divers. II	0-85	5.15%	-	5.07%	5.20%	5.30%	1 Year	4.00%	I	7%	2.5%
Penn Mutual Life 67644	Divers. II	0-85	4.20%	-	4.00%	4.30%	4.60%	3 Years	4.00%	I	7%	2.5%
Penn Mutual Life 67644	Divers. II	0-85	4.50%	-	4.30%	4.60%	4.90%	5 Years	4.00%	I	7%	2.5%
Penn Mutual Life 67644	Divers. II	0-85	4.60%	-	4.50%	4.80%	5.00%	7 Years	4.00%	I	7%	2.5%
Presidential 68039	No Load Flex	0-85	6.30%	-	6.30%	6.55%	6.75%	1 Cal. Yr.	5.00%	I	7%	4%
Presidential (q) 68039	TSA-Loan	0-85	6.30%	-	6.30%	6.55%	6.75%	1 Cal. Yr.	5.00%	I	7%	4%
Principal Mutual LIC 61271	FPDA	0-85	5.15%	-	5.00%	5.75%	5.50%	1 Year	4.00%	I	7%	3%
Providentmutual 70750	LTD	0-85	5.30%	1.00%	5.00%	6.00%	6.25%	1 Year	3.00%	I	10%	3%
Providian Life & Health 70750	Flex Plus	0-75	5.05%	1.00%	nr	nr	nr	2 Years	4.00%	I	7%	7%
Providian Life & Health 70750	Tax Smart +	0-75	4.90%	1.00%	nr	nr	nr	1 Year	3.00%	I	6%	0%

continued...

Survey period: May 15, 1998; nr = product not reported for this issue.

Deferred Annuities Update

Table 31. Cont'd. Flexible Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '98 Base Rate	1st Yr. Bonus Amount	Feb. '98 Base Rate	Nov. '97 Base Rate	Aug. '97 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Yr 7
SAFECO LIC (q) 68608	QPA III	0-75	4.75%	-	4.75%	5.00%	5.25%	6 Mos.	4.34%	I	9%	4%
SAFECO LIC (q) 68608	QPA V	0-75	4.55%	-	4.55%	4.80%	5.05%	6 Mos.	3.00%	I	8%	2%
SAFECO LIC (q) 68608	Preference FP	0-75	5.50%	-	5.50%	na	na	1 Year	3.00%	I	6%	3%
Security Benefit 68675	Secur. Mark	0-75	5.10%	-	5.10%	5.50%	5.50%	-	3.50%	I	8%	2%
Southwestern LIC 91391	Flex-Rite	0-75	5.90%	-	5.90%	5.90%	5.90%	-	4.00%	P	7%	2%
Standard Insur. Co 69019	FPDA	0-80	4.76%	-	5.39%	5.39%	5.55%	1 Year	3.00%	I	7%	3%
SunAmerica LIC 69256	Century 2000	0-85	nr	-	6.30%	6.30%	nr	1 Year	4.00%	-	7%	3%
SunAmerica LIC 69256	Century5000	0-85	nr	-	5.00%	5.00%	nr	5 Years	3.00%	-	6%	0%
SunAmerica LIC 69256	Sterling Select	0-85	nr	-	5.00%	5.00%	nr	3 Years	3.00%	-	6%	2%
SunAmerica LIC 69256	Sterl. Select II	0-85	nr	-	4.80%	4.80%	nr	3 Years	3.00%	-	6%	2%
SunAmerica LIC 69256	Sterl Select +	0-85	nr	-	5.00%	5.00%	nr	3 Years	3.00%	-	6%	2%
Trustmark 62863	Flex 25	0-75	nr	1.00%	6.00%	6.00%	nr	1 Year	4.00%	P	10%	2%
USG Annuity & Life 61247	Advant. Silver	0-85	5.00%	1.00%	5.40%	5.40%	6.15%	1 Year	3.00%	I	9%	2%
USG Annuity & Life 61247	Flex 9	0-85	4.60%	6.60%	5.00%	5.00%	5.65%	1 Year	3.00%	I	9%	3%
USG Annuity & Life 61247	Flex 15	0-70	4.60%	6.60%	5.00%	5.00%	5.55%	1 Year	3.00%	I	22%	13%
United Life & Annuity 69876	Advantage	0-85	nr	1.00%	5.60%	5.85%	5.85%	1 Year	3.00%	I	9%	3%
United Life & Annuity 69876	Provider I	0-85	nr	1.00%	5.35%	5.60%	5.60%	1 Year	3.00%	I	12%	6%
United Life & Annuity 69876	Provider II	0-85	nr	-	5.10%	5.35%	5.35%	1 Year	3.00%	I	12%	6%
United Life & Annuity 69876	Taxsaver III	0-85	nr	-	5.50%	5.75%	5.75%	1 Year	3.00%	I	10%	4%
United Life & Annuity 69876	Taxsaver II	0-85	nr	1.00%	5.50%	5.75%	5.75%	1 Year	3.00%	I	10%	4%
United of Omaha 69868	Bonus Flex.	0-85	4.50%	1.00%	nr	nr	nr	1 Year	4.00%	I	10%	0%
United Presidential 70033	Pacer Advant.	0-80	nr	-	5.90%	5.90%	6.00%	1 Year	4.00%	I	10%	3%
United Presidential 70033	Pacer One	0-80	nr	-	5.55%	5.55%	5.65%	1 Year	4.00%	I	10%	3%
Western United 77925	Uniflex III	0-84	nr	-	6.25%	6.25%	6.25%	1 Year	4.50%	I	5%	3%

Survey period: May 15, 1998; nr = product not reported for this issue.

Split Annuities Update

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.

ment 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.

Table 32. Split ("Combination") Immediate and Deferred Annuities

Reporting Companies (NAIC #)	Policy Name	Issue Ages	5 Year Maturity Rates				7 Year Maturity Rates			
			Deferred Annuity Premium	Annual Interest Rate	Income Annuity Premium	Monthly Income Amount	Deferred Annuity Premium	Annual Interest Rate	Income Annuity Premium	Monthly Income Amount
Columbia Universal 77720	Split Annuity	0-85	\$75,795	5.60%	\$24,205	\$451.42	68,098	5.64%	\$31,902	\$444.39
Manufacturers LIC 65838	SPDA II/SPIA	0-80	\$79,103	4.80%	\$20,897	\$375.79	\$72,506	4.70%	\$27,494	\$371.57
Penn Mutual 67644	Div. II/SPIA	0-85	-	-	-	-	\$72,992	4.60%	\$27,008	\$372.50
Presidential (nq) 68039	Combi-annuity	0-85	\$75,257	5.85%	\$24,743	\$453.03	-	-	-	-
Providentmutual 70750	SPDA I/SPIA	0-75	\$78,727	4.90%	\$21,273	\$366.46	-	-	-	-
USG Annuity & Life 61247	Select Guar. (5yr) Multi-Yr Guar. (7yr)	0-85	\$75,267	7.45%/5.45%	\$24,733	\$454.12	\$69,931	6.10%/5.10%	\$30,069	\$416.77

Survey period: May 15, 1998.

Equity Indexed Annuities Update

Equity index annuities ('EIAs') are generating widespread interest.

This new kind of annuity combines the safety of traditional fixed ('no risk to principal') annuities with potential for higher yields afforded by investing in stock index options. In an EIA, interest earnings are tied to stock market performance even while return of principal is guaranteed when the stock market declines.

Guaranteed Interest

As a fixed annuity an EIA offers a guaranteed non-forfeitable minimum rate of return each year. These interest rates range from 3% to 5% and are usually credited to a portion, typically 90%, of the initial premium. The benefit of a minimum return is that even if the stock market is down for the entire life of a 5 year EIA, the contract would still provide about 5% in total return (that is, 90% of initial premium plus 5 years times 3% a year approximately equals 105%).

Index-linked Growth

The glitter of an EIA, however, isn't derived from its promise of guaranteed interest but from the potential to gain *excess earnings* through a link to a stock market indicator, typically the S&P 500 Index. Why the S&P 500 Index? Because it represents over 70% of the U.S. stock market's equity capitalization. The index, however, does not include reinvested dividends.

When the EIA term ends (usually after 5 or 7 years), the account is credited the *greater of* the compounded Guaranteed Interest or the excess earnings attributable to Index-linked Growth. The latter

is usually calculated on 100% of premium (whereas minimum guaranteed account values often are based on 90% of premium).

How to Compare EIAs

The biggest difficulty in comparing EIAs stems from the myriad ways companies credit interest earnings and index-linked returns. There are differences in how index calculation are made, how gains are counted, and in related features and benefits. It seems that no two EIAs are designed alike.

Nevertheless, a few generalities do exist. All EIAs invest the majority of their premium dollars in bonds and government securities. The rest is used to purchase call options and employ various hedging strategies on the underlying S&P index. Variations in these strategies determine how competing EIAs are structured. To further protect themselves from losses in their option strategies, companies also impose "caps," "participation rates," and averaging methods. These limit the gains a company is required to pass through to its EIA account holders.

Caps

A "cap" is the maximum return which is credited for any period regardless of the underlying S&P 500 Index performance. Thus, if the stock market returns 30% in a particular year but the annuity has a cap of 14%, the maximum amount credited to the EIA for that year is 14%. (This assumes a 100% participation rate, explained below.) Caps are generally employed in EIAs which use the Annual Reset method for calculating earnings (see Section #2 below).

Participation Rates

"Participation rate" refers to what net percent of the gross increase in the S&P 500 Index is credited to the EIA. For example, if the S&P 500's gross increase was 35% for the period and the EIA participation rate is 85%, then the net interest credited to the EIA for that period will be 29.7% (35% times .85). Participation rates vary from 75% to 110%. Some insurers guarantee the participation rate for only one year at a time, others guarantee it for the entire term of five to ten years.

Comparing participation rates alone is not a sufficient measure for choosing which EIA to purchase. An 85% participation rate in one EIA can produce greater net returns than a 110% participation rate in another, and vice versa.

Yield Spread

Another feature which limits returns is called a "yield spread." This is a fee (usually from 3.00% to 4.50%) which is deducted from the actual increase in the S&P index. Such contracts often have a 100% participation rate. However, the effect could be the same as having a lower participation rate and no yield offset.

Three main types of index annuities and how they calculate earnings

There are three basic methods by which EIAs calculate their index-linked returns. These are the: (1) point-to-point method; (2) annual reset method; and (3) high point (look back) method, sometimes called, high-water mark method.

Equity Indexed Annuities Update

1. Long Term Point-to-Point Methods

These are perhaps the easiest crediting methods to understand. As the name implies, there are usually only two days in this index calculation method: the starting point day and the ending point day. The gain is simply the difference between the index level when the EIA is issued and the level it reaches at the end of the term. For example, if the S&P Index was 400 on the date of issue and 700 on the final day in the measuring period (say, 5 or 7 years later), the gross return would be 75%. (Subtract 400 from 700, then divide the 300 gain by 400, to arrive at 75%.) That number would be multiplied by the participation rate to determine the index gain. If the participation rate is less than 100%, net credited interest will be less than 75%.

In this version of the point-to-point method, if on the last day, the index value was *below* the starting point value, the earnings would be zero and the guaranteed interest value for the term would be paid. That would be true even if the market had traded significantly higher anytime during the prior 5 or 7 year term. To get around this problem, some EIAs combine each weekly or monthly index value over the course of the last contract year to arrive at an 'average' ending point value for determining gains (see *Averaging* below). However, if during most of the contract's final year the S&P traded below the starting point value, then even *averaging* won't keep the gain from being measured a zero.

2. Annual Reset (Annual Point-to-Point) Methods

In each year that the S&P 500 Index goes up, this EIA locks in a gain which can never be lost during a later market downturn. The 'starting point' index value is reset at the beginning of each year for gain recognition. And if the market goes down, the negative index movement for that year is treated as a zero gain (and no premium dollars are ever lost). These methods recognize gains by the year and combine them for a 5- or 7-year total.

The annual reset method counts gains even if the market is recovering from previous declines. For example, if the stock market registers a loss at the end of the first year, no index increase is credited (for that year, neither will there be any loss in account value.) Because the starting point for the second year is now reset at the new lower first-year end-point value, any recovery from that lower level will be credited as gain in future years.

In this method, each year's S&P Index gain is treated much like a traditional fixed annuity's interest is treated—it is credited annually and earnings are accumulated on a compounded basis. Most annual reset EIAs, however, feature a cap (usually from 12% to 15%) which limits the annual gain which may be credited to an account in any one year.

3. High Point Look Back (High-Water Anniversary Mark) Methods

Here, the gain is the difference between the highest point an index reached (usually measured on each of the policy's 5 or 7 anniversary dates) and the starting point, which

is the index value on the date the EIA was issued. (The starting point is not reset each year.) These methods lock in the highest S&P Index level attained on the measurement dates by 'looking back' over the term. They credit gains based on the highest water-mark anniversary value and the participation rate, if applicable.

High point EIAs typically feature participation rates of about 70%, but not caps. Because the high-point return may only be calculated once during the term, there may not be compounding of interest.

Market Volatility and Averaging Returns

Calculating returns by 'averaging' can be an effective way to reduce the risk of market volatility. Averaging will smooth out the peaks and troughs in the performing index. For example, a high point averaging EIA will sum the highest index values in each of its 7 years and then divide that sum by 7 to arrive at a final ('averaged') high point value. This averaged gain is considered the total return in the contract.

Averaging may dampen S&P gains over time. Consider that if the stock market gained 1% per month for a year, the total compound gain would be 12.67% at the end of the year. (An 80% participation rate would still provide a return above 10%.) But, if a monthly averaged return was employed, the annual increase would only be 6.75%! Policies which apply averaging often show lower overall gains than either the annual reset or high-water mark EIAs.

An averaging EIA is more likely to achieve a consistent rate of return with a somewhat higher de-

Equity Indexed Annuities Update

gree of probability than an unaveraged contract. Conversely, the non-averaged high point and long term point-to-point methods offer a greater opportunity to high returns —provided, of course, that the stock market continues its upward trend.

Market Volatility and Annual Reset EIAs

The unaveraged annual-reset EIA may offer the best protection against market volatility with the best chance at overall profits. That's because the starting point is reset every year, providing multiple index 'entry' points. By contrast, the long-term point-to-point and the high-water mark anniversary look-back methods use a total return approach that has only one start point established at the time of contract issue. Consequently, with these methods choosing the 'best' time to start the annuity is more important. In all cases, an EIA's cap and participation rate will greatly influence its net results.

Which EIA Method Performs Best?

Ignoring the significant effects of caps, participation rates, and averaging, it may generally be hypothesized that the High Point (High Water Mark) Look Back and Point-to-Point methods should outperform the capped Annual Reset methods if the stock market moves in a steady uptrend during the term in question. By contrast, the Annual Reset methods should excel during long periods of choppy or trendless market activity.

Liquidity

Although specific details vary, a few EIAs offer liquidity similar to traditional fixed deferred annuities. There is a provision for an annual withdrawal of 10% (of account value) free of surrender fees.

Contracts with higher participation rates, however, may limit annual penalty-free withdrawals only to the minimum guaranteed value of the policy (not permitting access to any of the earnings or growth during the term of the contract).

Other EIAs employ a vesting schedule to provide limited access to a portion of interest earnings.

In general, EIAs are not designed for maximum liquidity during the accumulation phase. Withdrawals may have an adverse effect on the crediting of interest. Some contracts forfeit any earnings that otherwise would have been attributable to the withdrawn funds. For example, if funds are withdrawn during the 4th policy year and earnings are credited only at the end of the complete term, no earnings will be attributed to the withdrawn funds even though the money was in the contract for 4 years. Some companies misleadingly advertise "no traditional surrender charge" or "100% access to your money." But in that case the only gain is the minimum guaranteed non-forfeiture value, which may be from 3% to 5% a year credited on 90% or 100% of the principal. A small gain, indeed.

Conclusion

Equity Index Annuities are generating a wave of interest because they combine features of tradi-

tional fixed deferred annuities and variable annuities. Their appeal is that growth is tied to the stock market's performance while guaranteeing return of principal even if the market declines.

Because of the great variety in how returns are calculated, it is more important to understand how *all the elements* of a particular EIA contract collectively affect the potential for achieving gains rather than to simply compare the individual features of competing EIAs.

Some of the limitations of EIAs are restrictions to growth imposed by caps, participation rates and harsh crediting methods. Keep in mind that surrender charges also apply, and full liquidity is usually available only in a 30 day window period when the contract reaches maturity.

An EIA should *not* be expected to return the same as an equity-based mutual fund or variable annuity during a period of large stock market gains.

A final cautionary note is that the S&P index only accounts for increases or decreases in the price of stocks in the index; it does not factor in the value of dividends or the compounded reinvestment of dividends. This is significant because historically the long-term returns that are reported for stocks typically include amounts attributable to dividend reinvestment. As a result, the return achieved by an equity index annuity that is based on the S&P index could be substantially less than the return obtained by making a direct investment in the stocks that make up the index.

Equity Indexed Annuities Update

Table 33. Single Premium Equity Indexed Annuities

Reporting Companies	Policy Name	Term	Index Structure	When Potential Gains are Recognized, locked in and credited	Guar. Base/Rate	Participation Rate	Cap	Yield Spread (admin. fee)	Performance if term had matured on 3/31/98
American General ¹ 70432	Index Annuity	5 yrs.	High Water Mark	nr	90%/3%	60%	na	na	86.4%
American Life & Casualty 60682	SPDA 500	8 yrs.	Annual Reset/ avg.	nr	90%/3%	100%	none	none	nr
Fidelity & Guaranty Life 63274	Prosperity	10 yrs.	Annual Reset	nr	90%/3%	na	na	1.50%	82.1%
Jackson National 65056	ELI Multi-Index	9 yrs.	Point to Point	End of term	100%/3%	70%	none	none	191.6%
Jackson National 65056	ELI Multi-Index	7 yrs.	Point to Point	End of term	100%/3%	60%	none	none	116.2%
Jackson National 65056	ELI Multi-Index	5 yrs.	Point to Point	End of term	100%/3%	50%	none	none	79.2%
Jackson National 65056	ELI Multi-Index	3 yrs.	Point to Point	End of term	100%/3%	40%	none	none	54.0%
Jackson National 65056	ELI Multi-Index	1 yrs.	Point to Point	End of term	100%/3%	20%	none	none	9.1%
Jefferson Pilot 67865	Pilot 500	8 yrs.	Annual Reset	nr	90%/3%	70%	none	none	nr
Keyport Life 64602	KeyIndex	7 yrs.	High Water Mark	Annually (subject to vesting)	90%/3%	55%	none	none	106.5%
Keyport Life 64602	KeyIndex	7 yrs.	High Water Mark	Annually (subject to vesting)	90%/3%	60%	100%	none	100.0%
Life Southwest 65528	Secureplus Flex	6 yrs.	Annual Reset	Annually	90%/3%	75%	9%/yr	none	53.7%
Lincoln Benefit 65595	Saver's Index II	7 yrs.	Annual Reset	Annually	90%/3%	90%	none	none	59.6%
Lincoln Benefit 65595	Savers's Index	7 yrs.	Annual Reset	Annually	90%/3%	100%	10%/yr	none	73.3%
USG Annuity & Life 61247	Advantage	nr	Point/Average	nr	100%/3%	100%	none	none	nr

Survey period: May 15, 1998

¹Formerly Western National Life

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) 947-7980
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 brackets next to 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 Ratings		
Rank	Grade	# Co. 881	Rank	Grade	# Co. 256	Rank	Grade	# Co. 106	Rank	Grade	# Co. 170	Rank	Grade	# Co. 1774
1	A++	51	1	AAA	40	1	Aaa	6	1	AAA	59	1	A+	11
2	A+	147	2	AA+	47	2	Aa1	9	2	AA+	28	2	A	15
3	A	232	3	AA	83	3	Aa2	36	3	AA	56	3	A-	38
4	A-	168	4	AA-	59	4	Aa3	47	4	AA-	31	4	B+	58
5	B++	94	5	A+	37	5	A1	34	5	A+	26	5	B	193
6	B+	116	6	A	32	6	A2	12	6	A	7	6	B-	128
7	B	54	7	A-	10	7	A3	11	7	A-	5	7	C+	125
8	B-	22	8	BBB+	6	8	Baa1	8	8	BBB+	1	8	C	233
9	C++	10	9	BBB	1	9	Baa2	6	9	BBB	na	9	C-	115
10	C+	7	10	BBB-	2	10	Baa3	2	10	BBB-	na	10	D+	105
11	C	14	11	BB+	na	11	Ba1	na	11	BB+	na	11	D	141
12	C-	na	12	BB	na	12	Ba2	1	12	BB	na	12	D-	49
13	D	na	13	BB-	na	13	Ba3	na	13	BB-	na	13	E+	29
14	E	na	14	B+	1	14	B1	na	14	B+	na	14	E	25
15	F	na	15	B	na	15	B2	na	15	B	na	15	E-	na
as of 8/97			16	B-	na	16	B3	na	16	B-	na	16	F	na
			17	CCC	na	17	Caa	na	17	CCC+	na	17	U	na
			18	R	na	18	Ca	na	18	CCC	na	as of 8/97		
			as of 8/97			19	C	na	19	CCC-	na			
						as of 8/97			as of 8/97					

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	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Acacia Mutual LIC	60038	DC	\$ 0.9B	10%	A [3]		-		-		AA- [4]		B [5]	
Acacia Nat'l Life	85685	VA	\$ 0.5B	5%	A [3]		-		-		AA- [4]		C [8]	
Aetna LI & Ann. Co.	86509	CT	\$24.3B	2%	A+ [2]	▼6/95	AA- [4]	▼7/96	Aa3 [4]	▼7/97	AA+ [2]		C+ [7]	
Aetna LIC	60054	CT	\$46.1B	3%	A [3]	▲7/97	A+ [5]	▲7/97	A1 [5]	▼7/97	AA- [4]	▼7/95	C [8]	▲8/97
AID Assoc. Lutherans	56014	WI	\$14.1B	6%	A++ [1]	▲12/97	AA+ [2]	▲12/97	Aa2 [3]		AAA [1]		-	
AIG LIC	66842	DE	\$ 5.8B	3%	A+ [2]	▲6/92	AAA [1]		Aaa [1]		-		B- [6]	
Alex. Ham. LIC Amer.	94064	MI	\$ 7.3B	4%	A++ [1]	▲8/96	AAA [1]	▲10/95	Aa3 [4]	▲3/96	AAA [1]	▲10/95	B [5]	▲2/96
Allstate LIC	60186	IL	\$24.9B	6%	A+ [2]	▲3/96	AA+ [2]		Aa2 [3]	▲8/97	-		B+ [4]	▲7/97
Allstate LIC/NY	70874	NY	\$ 1.6B	9%	A+ [2]		AA+ [2]		Aa2 [3]	▲8/97	-		B [5]	
Amer. Centurian LAC	77798	NY	\$ 0.1B	13%	A+ [2]	▲6/95	-		-		AAA [1]		B- [6]	
Amer. Enterprise LIC	94234	IN	\$ 3.4B	5%	A+ [2]		-		Aa2 [3]		AAA [1]		B [5]	▲11/94
Amer. Family LIC	60399	WI	\$ 1.8B	12%	A+ [2]		-		-		-		A+ [1]	
Amer. General LIC	60488	TX	\$ 6.6B	19%	A++ [1]		AA+ [2]		Aa3 [4]		AAA [1]		A- [3]	▲10/94
Amer. General Life & Acc	66672	TN	\$ 2.6B	13%	A++ [1]		AA+ [2]	▼6/97	-		AAA [1]		B [5]	
Amer. Heritage LIC	60534	FL	\$ 1.0B	11%	A [3]		AA [3]		-		-		A- [3]	
Amer. Int'l Life Assur. Co. NY	60607	NY	\$ 5.0B	5%	A+ [2]	▲6/92	AAA [1]		Aaa [1]		-		B- [6]	▲2/96
Amer. Investors LIC	60631	KS	\$ 2.1B	4%	A- [4]	▼9/97	-		Baa3 [10]		A+ [5]	▲1/98	C [8]	
Amer. Life/Cas. Ins.	60682	IA	\$ 5.2B	4%	A [3]	▲6/97	A+ [5]	▲12/97	Baa1 [8]	▲2/98	AA- [4]		C- [9]	

Continued ...

Legend: Trend is the direction and date of most recent change. ▲ = 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

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	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Amer. LIC	60690	DE	\$12.4B	11%	-		AAA [1]		-		-		B+ [4]	▲1/98
Amer. LIC/ NY	60704	NY	\$ 1.3B	5%	A+ [2]		AA+ [2]	▲12/97	-		AA+ [2]		B [5]	
American Maturity	81213	CT	\$ 0.2B	98%	A+ [2]	▲9/94	AA [3]	▼9/96	-		AA+ [2]		B [5]	
Amer. Mayflower LIC/ NY	60712	NY	\$ 0.9B	6%	A+ [2]		AA [3]	▲12/96	Aa2 [3]	▲4/97	AA+ [2]		B- [6]	
Amer. Nat'l Ins. Co.	60739	TX	\$ 5.8B	22%	A+ [1]		AA+ [2]		Aa2 [3]		-		B [5]	
American Partners LIC	93653	AZ	\$ 0.1B	12%	A+ [2]	4/96	-		-		AAA [1]		C [8]	
Amer. Skandia L. Assur	86630	CT	\$ 4.7B	2%	A- [4]		A [6]	▲6/97	-		AA- [4]		D+ [10]	▲7/97
American United LIC	60895	IN	\$ 6.5B	4%	A+ [2]		AA [3]	▲10/96	A1 [5]		AA [3]	▼10/96	B [5]	
Ameritas LI Corp.	61301	NE	\$ 1.7B	12%	A+ [2]		AA [3]		A1 [5]		-		A [2]	
AmerUs LIC	61689	IA	\$ 4.0B	10%	A [3]		A [6]	▼4/95	A2 [6]	▼8/97	AA- [4]		C+ [7]	
Anchor Nat'l LIC	60941	CA	\$ 7.4B	4%	A+ [2]	▲6/95	AA- [4]	▼9/95	A2 [6]		AA [3]		C+ [7]	▲8/97
Aurora Nat'l LAC	61182	CA	\$ 5.1B	8%	-		-		Baa1 [8]		A+ [5]	▲7/95	I1 (D)	
AUSA LIC	70688	NY	\$ 7.7B	2%	A [3]	▲6/94	AAA [1]	▲10/96	Aa3 [4]		AA+ [2]		C [8]	
Bankers Life/Cas. Co.	61263	IL	\$ 3.4B	10%	A [3]	▲8/96	A+ [5]		Baa1 [8]	▲2/98	AA- [4]		C [8]	
Bankers Uni. Life Ass.	61387	IA	\$ 3.5B	4%	A [3]		AAA [1]	▲9/96	Aa3 [4]		AA+ [2]		B- [6]	▲4/97
Banner LIC	94250	MD	\$ 0.8B	11%	A+ [2]		-		A2 [6]	▼6/97	-		B- [6]	
Beneficial Sld LIC	61417	CA	\$ 2.4B	5%	A [3]	▲8/96	A+ [5]		Baa1 [8]	▲2/98	AA- [4]	▲11/97	C [8]	
Berkshire LIC	61433	MA	\$ 1.2B	5%	A [3]	▼12/96	AA- [4]	▼2/96	-		AA- [4]	▼9/97	C+ [7]	
Business Mens Assurance	61492	MD	\$ 1.9B	18%	A [3]	▼10/95	AA [3]		A1 [5]		AA [3]		B [5]	▼4/97
Canada Life Assurance	80659	CD	\$ 19.6B	11%	A+ [1]		AA+ [2]	▼8/95	Aa2 [3]		AAA [1]		-	
Canada Life Ins. Co. (NY)	79359	NY	\$ 0.2B	5%	A+ [1]		AA+ [2]	▼8/95	-		AAA [1]		C+ [7]	▲1/96
Capitol Bankers LIC	62421	MN	\$ 0.4B	8%	A- [4]		A- [7]		-		-		C [8]	
Cen Benefits Nat'l LIC	63541	OH	\$ 0.4B	52%	A- [4]	▲6/94	-		-		withdrawn		-	
Cen Nat LIC/Omaha	61700	DE	\$ 1.4B	15%	A+ [2]		-		-		-		B [5]	▼4/97
Champlain LIC	93637	VT	\$ 0.8B	-	-		-		-		-		C [8]	
Chubb Colonial LIC of Am.	62057	NJ	\$ 0.7B	16%	A [3]		AA [3]		-		AAA [1]		B [5]	▼9/95
Chubb Sovereign LIC	80438	CA	\$ 0.4B	13%	A+ [2]		AA [3]	▼8/97	-		-		B [5]	
Cigna LIC	93629	CT	\$ 0.1B	49%	A+ [2]		AA [3]		-		AA+ [2]	▼1/98	C [8]	▲10/96
Columbia Universal	77720	TX			A- [4]		-		-		-		C+ [7]	▲2/98
Columbus LIC	99937	OH	\$ 1.8B	9%	A+ [2]		AAA [1]		Aa2 [3]		AAA [1]		B+ [4]	▲2/97

Legend: Trend is the direction and date of most recent change. ▲ = date upgraded; ▼ = date downgraded.

Continued ...

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	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Comme'l Un. LIC/Am.	62898	DE	\$ 1.4B	8%	A+ [2]		-		-		AA- [4]		B+ [4]	▲1/96
Commonwealth LIC	62227	KY	\$ 4.6B	4%	A+ [2]		AAA [1]		Aa3 [4]		AA+ [2]		C+ [7]	9/95
Companion LIC	62243	NY	\$ 0.3B	14%	A [3]		AA- [4]		-		AA [3]		B [5]	
Comm. General LIC	62308	CT	\$ 57.9B	3%	A+ [2]	▼6/92	AA [3]		Aa3 [4]	▲10/96	AA+ [2]	▼1/98	C+ [7]	
Conn Nat'l LIC	93769	IL	\$ 0.3B	8%	A- [4]	▼3/95	A+ [5]		-		AA- [4]	▲11/97	C [8]	
Constitution LIC	62359	TX	\$ 0.2B	31%	B++ [5]		-		-		-		D [11]	▼7/95
Continental Assur. Co.	62413	IL	\$ 11.3B	10%	A [3]	▼5/95	AA- [4]	▼10/97	A1 [5]		AA [3]	▼6/95	B [5]	▲9/95
Continental General	71404	NE	\$ 0.3B	15%	A- [4]		-		-		AAA [1]		B [5]	
Contin. Western LIC	62510	IA	\$ 0.4B	6%	-		-		-		-		B- [6]	▼8/97
Cova Finan. Svcs. LIC	93513	MO	\$ 1.0B	5%	A [3]	▲1/95	AA- [4]		A1 [5]	▲10/95	AA [3]		C [8]	▲10/95
Crown LIC	n/a	CN	\$ 8.7B	6%	A- [4]		A- [7]	▲9/96	Baa3 [10]	▼7/96	-		-	
CU Life Ins Co. NY	92665	NY	\$ 0.3B	6%	A+ [2]		-		-		AA- [4]		B- [6]	▲1/97
CUNA Mutual Ins. Soc.	62626	WI	\$ 1.7B	14%	A [3]		-		-		AA [3]		C [8]	
CUNA Mutual LIC	65749	IA	\$ 2.7B	5%	A [3]	▼3/97	-		-		AA [3]		B+ [4]	▲11/95
Delta Life & Annuity	65145	TN	\$ 1.6B	4%	A [3]	▼6/96	-		-		AA- [4]	▲12/97	B- [6]	
Empire General LAC	94285	TN	\$ 1.0B	98%	A+ [2]	▲2/94	AA [3]		-		AA [3]		C- [9]	
Empire LIC	62820	WA	\$ 0.3B	20%	A- [4]	▲6/95	-		-		-		C+ [7]	
Equitable L. Assur. Society	62944	NY	\$ 51.4B	4%	A [3]	▲5/95	AA- [4]	▲10/95	Aa3 [4]	▲6/96	AA- [4]	▲12/95	C [8]	▲11/97
Equitable Life/IOWA	62979	IA	\$ 2.9B	18%	A+ [2]		AA [3]		Aa2 [3]	▲2/98	AA+ [2]	▲11/97	B [5]	
Equitable Variable LIC	81361	NY	\$ 12.4B	5%	A [3]	▲5/95	-		withdrawn		-		C- [9]	▲9/95
Farmers N. World LIC	63177	WA	\$ 4.4B	19%	A+ [2]		-		Aa3 [4]		-		A- [3]	▼4/97
Federal Home LIC	67695	IN	\$ 2.2B	8%	A+ [2]	▲4/96	-		Aa2 [3]		AA [3]	▲8/96	B- [6]	
Federal Kemper L. Assur.	63207	IL	\$ 2.4B	7%	A [3]	▲1/96	AA- [4]		Aa3 [4]	▲1/96	AA [3]	▲1/96	B- [6]	▲5/97
Fidelity & Guar. LIC	63274	MD	\$ 4.1B	7%	A- [4]		A [6]	▲2/96	Baa1 [8]	▲5/95	A+ [5]	▲3/97	C [8]	▲1/96
Financial Benefit LIC	98213	FL	\$ 0.5B	6%	B+ [6]	▲6/96	-		-		-		C [8]	▲2/97
First Alex. Ham. LIC	71510	NY	\$ 0.4B	6%	A++ [1]	▲11/96	-		-		AAA [1]	▲10/95	C [8]	
First Allmerica Financial Life	69140	MA	\$ 6.6B	9%	A [3]		AA- [4]	▲10/97	A1 [5]		AA [3]		C [8]	
First Colony LIC	63401	VA	\$ 8.5B	4%	A++ [1]		AA [3]	▲12/96	Aa2 [3]	▲4/97	AA+ [2]		B+ [4]	▲6/96
First GNA LIC/NY	72990	NY	\$ 1.4B	10%	A+ [2]		-		-		-		B [5]	▲10/95
First Rel. Std. LIC	71005	NY	\$ 0.05B	17%	A- [4]		A [6]	▲3/97	-		A+ [5]	▼12/95	C [8]	

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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	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
First Safeco Nat'l NY	78417	NY	\$ 0.02B	10%	A+ [2]		AA- [4]	▼3/98	-		-		B [5]	▲3/95
First SunAmerica LIC	92495	NY	\$ 0.1B	13%	A+ [2]		-		A2 [6]		-		C [8]	
First UNUM LIC	64297	NY	\$ 0.7B	14%	A+ [2]		AA [3]		Aa2 [3]		-		B [5]	▼2/98
First Variable LIC	77984	AR	\$ 0.4B	7%	A- [4]		-		-		AA [3]		C [8]	▲3/96
Fort Dearborn LIC	71129	IL	\$ 0.4B	12%	A [3]		A+ [5]	▲1/97	-		-		B [5]	▼11/94
Fortis Benefits LIC	70408	MN	\$ 4.9B	7%	A [3]	▼4/96	AA [3]		A1 [5]		-		B+ [4]	▲9/95
Franklin LIC	63622	IL	\$ 6.7B	5%	A++ [1]	▲6/96	AA+ [2]	▲6/97	Aa3 [4]		AAA [1]	▲8/97	A- [3]	▼10/95
GE Capital LAC/NY	72990	NY	\$ 1.5B	11%	A+ [2]		AA [3]		Aa2 [3]		AA [3]		B+ [4]	▲2/97
General American LIC	63665	MO	\$ 9.6B	6%	A+ [2]		AA- [4]		A1 [5]		AA [3]		C+ [7]	
General Electric CAP	70025	DE	\$ 5.9B	17%	A+ [2]	▲6/95	AA [3]		Aa2 [3]	▲4/97	AA [3]	▲8/96	B [5]	▲5/97
Glenbrook Life/Annuity	70092	IL	\$ 0.1B	91%	A+ [2]		AA+ [2]		Aa2 [3]	▲8/97	-		B [5]	▲4/97
Globe Life/Accid. IC	91472	DE	\$ 0.8B	8%	A+ [2]	▼5/95	withdrawn		-		-		B [5]	▼1/96
Golden America LIC	80942	DE	\$ 1.1B	6%	A [3]	▲8/96	-		-		AA+ [2]	▲10/97	C+ [7]	▲2/98
Golden Rule Ins. Co.	62286	IL	\$ 1.3B	15%	A [3]	▼5/95	AA- [4]		-		-		B [5]	
Grand Pacific LIC	63975	HI	\$ 0.2B	4%	B+ [6]		-		-		BBB+ [8]		C [8]	▲6/96
Great American LIC	63312	OH	\$ 5.4B	5%	A [3]		-		Baa1 [8]	▲10/96	AA- [4]	▲11/95	C+ [7]	
Great Amer. Res. Ins.	64017	TX	\$ 2.5B	6%	A [3]	▲8/96	A+ [5]		Baa1 [8]	▲2/98	AA- [4]	▲11/97	C [8]	▲4/97
Great Nthrn Insur. Ann.	94366	WA	\$ 6.5B	5%	A+ [2]		AA [3]		Aa2 [3]	▲4/97	AA [3]		B [5]	▲3/95
Great Southern LIC	90212	TX	\$ 1.0B	18%	A [3]		A [6]		-		-		C+ [7]	
Great-West Life Annuity	68322	CO	\$ 16.7B	3%	A++ [1]		AA+ [2]		Aa2 [3]		AAA [1]		B [5]	▲9/95
Guardian Insur/Annuity Co	78778	DE	\$ 5.0B	3%	A++ [1]		AA+ [2]	▼1/97	Aa1 [2]	▼9/96	AAA [1]		A [2]	▲7/97
Guardian LIC of Amer.	64246	NY	\$ 11.0B	10%	A+ [2]	▼10/97	AA+ [2]	▼1/97	Aa1 [2]	▼9/96	AAA [1]		A+ [1]	
Hartford LIC	88072	CT	\$ 46.6B	2%	A+ [2]	▼10/95	AA [3]	▼9/96	Aa3 [4]	▼1/97	AA+ [2]	▼10/95	B+ [4]	▼9/95
Harvest LIC	79421	OH	\$ 1.0B	7%	A+ [2]	▲4/96	-		Aa2 [3]		AA [3]	▲8/96	B- [6]	▲3/97
Horace Mann LIC	64513	IL	\$ 2.6B	5%	A [3]	▼11/95	AA- [4]		A3 [7]		AA [3]		B [5]	
IDS LIC	65005	MN	\$ 35.1B	3%	A+ [2]		-		Aa2 [3]		AAA [1]		B [5]	
IDS Life/NY	80594	NY	\$ 2.1B	6%	A+ [2]		-		Aa2 [3]		AAA [1]		B [5]	
Indianapolis LIC	64645	IN	\$ 1.5B	7%	A [3]	▼6/96	AA- [4]		A2 [6]		AA [3]		B [5]	
Integrity LIC	74780	OH	\$ 2.6B	5%	A [3]	▲10/95	A [6]		Baa1 [8]		A+ [5]		C [8]	▲5/96
Interstate Assurance Co.	64807	IA	\$ 1.0B	7%	A [3]	▲5/94	AA- [4]		-		AA [3]		B- [6]	▲2/96

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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	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Investors Ins. Corp.	64939	DE	\$ 0.2B	3%	-		-		-		-		D- [12]	
Investors LIC of NE	86975	SD	\$ 0.3B	12%	-		-		-		-		B+ [4]	▲10/95
Jackson National LIC	65056	MI	\$ 24.1B	4%	A [3]	▼11/94	AA [3]		Aa3 [4]	▲1/98	AA [3]		C+ [7]	▲10/95
Jefferson-Pilot LIC	67865	NC	\$ 6.6B	12%	A++ [1]		AAA [1]		Aa2 [3]		AAA [1]		A+ [1]	
John Alden LIC	65080	MN	\$ 4.9B	6%	A- [4]	▼3/96	BBB+ [8]	▼3/96	Baa2 [9]	▼4/97	-		C [8]	▼4/97
John Hancock Mut'l	65099	MA	\$50.8B	4%	A++ [1]		AA+ [2]	▼4/95	Aa2 [3]		AAA [1]		A- [3]	▲5/97
Kansas City LIC	65129	MO	\$ 2.0B	10%	A [3]		A+ [5]	▼3/94	A2 [6]		-		B [5]	
Kemper Investors LIC	90557	IL	\$ 6.7B	5%	A [3]	▲1/96	AA- [4]		Aa3 [4]	▲2/96	AA [3]	▲1/96	C [8]	
Kentucky Home Mutual	65218	KY	\$ 0.4B	40%	B+ [6]	▼11/95	-		-		withdrawn		C [8]	
Keyport LIC	65234	RI	\$ 1.6B	4%	A+ [2]	▲11/94	AA [3]	▲2/98	A1 [5]		AA- [4]		B [5]	
Keystone State LIC	90344	PA	\$ 0.3B	25%	B [7]	▲11/95	-		-		8 (A-)		C- [9]	▲3/95
Knights of Columbus	58033	CT	\$ 3.9B	12%	A++ [1]		AAA [1]		Aa3 [4]		-		-	
Lafayette LIC	65242	IN	\$ 0.8B	7%	A [3]	▼5/95	-		-		A+ [5]	▼1/98	B [5]	
Lamar LIC	65250	MS	\$ 0.7B	9%	A [3]		A+ [5]		-		AA- [4]	▲11/97	B- [6]	2/97
Liberty LIC	65323	SC	\$ 1.3B	10%	A [3]		-		-		AA- [4]	▼2/97	C+ [7]	▼4/97
Liberty National LIC	65331	AL	\$ 3.0B	11%	A+ [2]	▼4/95	withdrawn		-		-		B [5]	▼11/97
Life Ins.Co./Georgia	65471	GA	\$ 2.8B	5%	A+ [2]		AA [3]	▼2/96	Aa2 [3]		AAA [1]		A [2]	▲9/95
Life Ins.Co./S'west	65528	TX	\$ 1.6B	5%	A [3]	▼6/94	-		-		AA- [4]		B [5]	
Life Ins.Co./Virginia	65536	VA	\$ 7.4B	4%	A+ [2]		AA [3]		Aa2 [3]	▲4/97	AA [3]		B- [6]	▼10/95
Life Investors Ins. Co.	64130	IA	\$ 5.2B	9%	A+ [2]		AAA [1]	▲10/96	Aa3 [4]		AA+ [2]		B [5]	▲10/96
LifeUSA Insur. Co.	92509	MN	\$ 0.9B	5%	B++ [5]		BBB+ [8]		Baa3 [10]		-		C+ [7]	▲2/98
Lincoln Benefit Life	65595	NE	\$ 0.3B	46%	A+ [2]		AA+ [2]		Aa2 [3]	▲8/97	-		B [5]	
Lincoln Nat'l LIC	65676	IN	\$43.3B	4%	A+ [2]		AA- [4]		Aa3 [4]	▲7/94	AA+ [2]	▼11/95	B [5]	▲2/97
Lincoln Security LIC	61620	NY	\$ 0.3B	5%	A [3]	▼11/96	-		-		-		C [8]	▼7/97
London LIC	na	CN	\$14.5B	9%	A++ [1]		AA+ [2]	▼8/95	Aa2 [3]		-		-	
Lutheran Brotherhood	57126	MN	\$ 1.9B	2%	A++ [1]		AA+ [2]	▼2/96	Aa2 [3]		AAA [1]		B [5]	
Manhattan National	67083	IL	\$0.3B	13%	A- [4]		A+ [5]		-		AA- [4]	▲11/97	C [8]	▼7/97
Manufacturers LIC	n/a	CN	\$ 29.5B	10%	A++ [1]		AA+ [2]	▼10/94	Aa2 [3]	▲2/98	AAA [1]		-	
Massachusetts General LIC	65900	MA	\$ 1.5B	4%	A [3]		A+ [5]		-		-		B- [6]	
Massachusetts Mutual LIC	65935	MA	\$ 38.0B	4%	A++ [1]		AAA [1]	▲6/94	Aa1 [2]		AAA [1]		A- [3]	

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Continued ...

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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	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Medco Containment LIC	63762	IA	\$ 0.8B	4%	-		-		-		-		C [8]	
Mega Life & Health	97055	OK	\$ 0.6B	19%	A [3]		-		-		AA- [4]	▲2/98	C+ [7]	▲2/97
Merrill Lynch LIC	79022	AR	\$ 12.0B	2%	A [3]		AA- [4]	▲12/96	Aa3 [4]		-		C+ [7]	
Metropolitan LIC	65978	NY	\$ 142.1B	4%	A+ [2]	▼12/94	AA [3]	▼12/96	Aa2 [3]	▼3/96	AA+ [2]	▼9/96	A- [3]	
Midland LIC	66036	OH	\$ 1.2B	7%	A [3]	▲2/98	A+ [5]	▲4/98	-		-		C [8]	
Midland National LIC	66044	SD	\$ 2.1B	13%	A+ [2]		AA [3]	▼6/96	A2 [6]		-		A [2]	
Ministers Life	93742	MN	\$ 0.26B	5%	A+ [2]		-		-		AAA [1]		-	
Minnesota Mutual LIC	66168	MN	\$ 10.1B	5%	A++ [1]		AA+ [2]		Aa2 [3]	▼8/95	AAA [1]		A- [3]	▲10/95
Modern Wood./Amer.	57541	IL	\$ 2.19B	na	A+ [2]		-		-		AA [3]	▼11/95	-	
Monumental LIC	66281	MD	\$ 3.7B	6%	A+ [2]	▲10/94	AAA [1]		Aa3 [4]		AA+ [2]		B- [6]	
Mutual Life Assurance	81914	CN	\$ 16.92		A++ [1]		AA+ [2]		Aa2 [3]		-		-	
Mutual LIC/NY (MONY)	66370	NY	\$ 11.4B	6%	A- [4]		A [6]	▼1/95	A3 [7]	▲5/96	A+ [5]		C [8]	▲2/97
Mutual of Amer. LIC	88668	NY	\$ 7.0B	6%	A+ [2]		AA+ [2]		Aa3 [4]		AA+ [2]		B+ [4]	
Mutual Trust LIC	66427	IL	\$ 0.8B	7%	A [3]		A+ [5]		-		A+ [5]	▼11/97	B+ [4]	
National Guardian LIC	66583	WI	\$ 0.7B	7%	A- [4]	▼7/94	-		-		-		A [2]	▼6/97
National Integrity LIC	75264	NY	\$ 1.0B	3%	A [3]	▲10/95	A [6]		Baa1 [8]		A+ [5]		C [8]	
National LIC of VT	66680	VT	\$ 5.8B	5%	A [3]	▼9/95	A+ [5]		A2 [6]	▼3/96	AA- [4]		B- [6]	
Nationwide LIC	66869	OH	\$ 35.7B	21%	A+ [2]		AA+ [2]	▼3/96	Aa2 [3]	▼5/96	-		B+ [4]	
New England Life	66893	MA	\$ 16.3B	3%	A [3]		AA [3]	▼12/96	Aa2 [3]		AA+ [2]	▲9/96	B+ [4]	▲8/97
New York LIC	66915	NY	\$ 59.4B	6%	A++ [1]		AA+ [2]	▼1/97	Aa1 [2]	▼8/96	AAA [1]		A [2]	
North America Co./L&H	66974	IL	\$ 1.6B	8%	A [3]		AA [3]	▲2/98	A3 [7]		-		C [8]	▼8/97
North America Secur. LIC	90425	DE	\$ 5.0B	1%	A++ [1]	▲5/96	AA+ [2]	▲1/96	-		-		C+ [7]	
Northbrook LIC	88528	IL	\$ 3.5B	2%	A+ [2]		AA+ [2]		Aa2 [3]	▲8/97	-		B [5]	
Northern LIC	87734	WA	\$ 4.7B	5%	A+ [2]		AA- [4]		A1 [5]		AA [3]		C+ [7]	
Northwestern Mutual LIC	67091	WI	\$ 54.9B	5%	A++ [1]		AAA [1]		Aaa [1]		AAA [1]		A+ [1]	
Ohio National Life Assur.	89206	OH	\$ 0.7B	10%	A+ [2]		AA [3]		A1 [5]		AA [3]		B [5]	▲2/96
Ohio National LIC	67172	OH	\$ 4.2B	5%	A+ [2]		AA [3]		A1 [5]		AA [3]		B [5]	▲2/96
Old Line LIC of Amer.	67245	WI	\$ 1.3B		A+ [2]		AA+ [2]		Aa3 [4]	▲6/97	-		B [5]	▼4/97
Pacific LIC	67466	CA	\$ 17.6B	4%	A+ [2]	▲6/95	AA+ [2]		Aa3 [4]	▲9/94	AA+ [2]		A- [3]	▲5/97
Pan-American LIC	67539	LA	\$ 1.8B	10%	A- [4]	▼6/96	-		Baa1 [8]	▼2/98	A [6]	▼10/97	B- [6]	

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					Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Paragon LIC	93564	MO	\$ 0.1B	8%	A+ [2]	▼4/95	AA- [4]	▼11/96	-	-	AA [3]	-	C [8]	▼7/97
Paul Revere LIC	67598	MA	\$ 3.3B	11%	A [3]	▼1/95	A+ [5]	▼11/96	A1 [5]	-	AA- [4]	-	C [8]	▼7/97
Penn Insurance & Annuity	93262	DE	\$ 0.8B	7%	A [3]	▼1/95	AA- [4]	▼11/96	A3 [7]	▼6/97	AA- [4]	-	C+ [7]	▼7/97
Penn Mutual LIC	67644	PA	\$ 6.6B	5%	A [3]	▼1/95	AA- [4]	▼11/96	A3 [7]	▼6/97	AA- [4]	-	C+ [7]	▼7/97
Peoples Security LIC	64475	NC	\$ 5.1B	5%	A+ [2]	▲6/95	AAA [1]	▲8/97	Aa3 [4]	-	AA+ [2]	-	C+ [7]	▼4/97
PFL Life Ins Co.	86231	IA	\$ 7.2B	5%	A+ [2]	▲6/95	AAA [1]	▲10/96	Aa3 [4]	-	AA+ [2]	-	B- [6]	▲4/97
PHF LIC	84808	FL	\$ 0.2B	20%	B+ [6]	-	-	-	-	-	-	-	C+ [7]	▼2/97
Philadelphia LIC	97047	PA	\$ 1.5B	7%	A [3]	-	A+ [5]	▲11/95	-	-	AA- [4]	▲11/97	B- [6]	▼2/97
Phoenix Home Life	67814	NY	\$ 12.8B	5%	A [3]	▼6/95	AA [3]	▲11/95	Aa3 [4]	-	AA [3]	-	B- [6]	▼2/97
Physicians Mutual Ins. Co.	80578	NE	\$ 0.8B	45%	A [3]	▼6/95	AA [3]	▲7/95	-	-	-	-	A+ [1]	-
Pioneer LIC of IL	68330	IL	\$ 0.4B	17%	B++ [5]	▲6/96	A+ [5]	-	-	-	AA- [4]	▲11/97	C+ [7]	▲8/96
Presidential LIC	68039	NY	\$ 2.2B	9%	A- [4]	▲11/94	-	-	Baa2 [9]	▲8/97	-	-	C [8]	▲10/95
Primerica LIC	65919	MA	\$ 2.5B	27%	A [3]	▲12/96	AA [3]	-	Aa3 [4]	-	AA [3]	-	B [5]	-
Principal Mutual LIC	61271	IA	\$ 51.3B	4%	A+ [2]	▼3/96	AA+ [2]	-	Aa1 [2]	-	AAA [1]	-	B+ [4]	-
Protective LIC	68136	TN	\$ 5.7B	5%	A+ [2]	-	AA [3]	-	A1 [5]	-	AA [3]	-	B- [6]	▼11/97
Provident Life/Accid.	68195	TN	\$ 11.8B	4%	A [3]	-	A+ [5]	▼10/94	A1 [5]	-	AA- [4]	-	B- [6]	-
Provident Mutual LIC	68225	PA	\$ 4.6B	4%	A [3]	▼6/96	AA- [4]	-	A2 [6]	-	AA [3]	-	C+ [7]	▼7/97
Provident National Assurance	70866	TN	\$ 2.5B	6%	A [3]	-	-	-	A1 [5]	-	AA- [4]	▼12/94	C [8]	-
Provident Life & Health IC	66605	MO	\$ 10.1B	5%	A+ [2]	-	AAA [1]	▲8/97	Aa3 [4]	▲6/97	AA+ [2]	▼3/98	B- [6]	▼2/98
Prudential Ins. Co./Amer	68241	NJ	\$ 179.7B	4%	A [3]	▼4/95	A+ [5]	▲12/97	A1 [5]	▼2/97	AA- [4]	-	B- [6]	-
Reliance Standard LIC	68381	IL	\$ 1.8B	9%	A- [4]	▼12/95	A [6]	▲3/97	Baa2 [9]	-	A+ [5]	▼12/95	C [8]	-
ReliaStar Bankers Security Life	61360	NY	\$ 1.0B	7%	A [3]	-	AA- [4]	▲3/96	A1 [5]	-	AA [3]	-	C [8]	▼5/96
Royal Maccabees LIC	65765	MI	\$ 2.0B	7%	A- [4]	▲7/96	-	-	Baa1 [8]	-	A [6]	▼4/95	C [8]	-
SAFECO LIC	68608	WA	\$ 10.5B	4%	A++ [1]	▲6/95	AA- [4]	▼3/98	A1 [5]	▼7/97	AA [3]	-	A- [3]	▲2/96
Savings Bank LI/MA	70435	MA	\$ 1.1B	12%	A+ [2]	-	AA- [4]	-	-	-	AA [3]	-	B+ [4]	▲7/97
Security Benefit LIC	68675	KS	\$ 4.7B	4%	A+ [2]	-	A+ [5]	▼8/96	A2 [6]	-	AA- [4]	-	C+ [7]	-
Security Connecticut LIC	91588	CT	\$ 1.5B	8%	A [3]	▼11/96	AA- [4]	▲7/97	A2 [6]	▲8/97	AA [3]	-	B- [6]	▼9/95
Security First LIC	61050	DE	\$ 2.2B	4%	A [3]	-	AA [3]	-	Aa3 [4]	▲2/98	-	-	C [8]	-
Security Life of Denver	68713	CO	\$ 3.5B	7%	A+ [2]	-	AA [3]	▼2/96	Aa2 [3]	-	AAA [1]	-	A- [3]	▼10/95
Security Mutual LIC/NY	68772	NY	\$ 1.2B	4%	A [3]	-	A+ [5]	-	-	-	A+ [5]	▼9/95	B- [6]	-

Legend: Trend is the direction and date of most recent change. ▲ = date upgraded; ▼ = date downgraded.

Continued ...

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	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Southland LIC	68950	TX	\$ 1.2B	6%	A+ [2]	▼2/96	AA [3]	▼2/96	Aa2 [3]	▲7/96	AAA [1]	▲3/96	B+ [4]	▼5/96
Southwestern LIC	91391	TX	\$ 1.4B	5%	B++ [5]	▼1/96	BBB [9]	▲3/98	Ba2 [12]	▲7/96	A- [7]	▲3/96	D+ [10]	▲11/97
Standard Insurance Co.	69019	OR	\$ 3.7B	6%	A [3]	▼4/94	A+ [5]	▼6/96	A2 [6]		AA- [4]		B [5]	
State Farm LIC	69108	IL	\$ 20.3B	10%	A++ [1]		AAA [1]		Aaa [1]		AAA [1]		A+ [1]	
State LIC	69116	IN	\$ 0.3B	6%	A+ [2]	▲10/94	AA [3]	▲9/96	-		AA [3]	▼11/96	[C] 8	▼6/96
Sun Life Assur./Canada	05495	CN	\$ 28.1B	14%	A++ [1]		AAA [1]		Aa1 [2]		AAA [1]		-	
Sun Life/Canada (US)	79065	DE	\$ 12.3B	6%	A++ [1]		AAA [1]		Aa1 [2]		AAA [1]		B- [6]	▲2/95
Sunamerica LIC	69256	AZ	\$ 6.5B	12%	A+ [2]	▲6/95	AA- [4]	▼8/95	A2 [6]		AA [3]		B- [6]	
Sunset LIC/America	69272	WA	\$ 0.4B	13%	A [3]	▼11/94	A+ [5]	▼4/95	-		-		B [5]	▼1/96
Teachers I Annuity (TIAA)	69345	NY	\$ 79.8B	5%	A++ [1]		AAA [1]		Aaa [1]		AAA [1]		A- [3]	▲5/97
Time Insurance Co.	69477	WI	\$ 1.4B	35%	A- [4]	▼4/96	A [6]	▼11/95	-		-		B+ [4]	▼5/97
TMG LIC (Wtn States)	70491	ND	\$ 1.2B	14%	A++ [1]	▲11/94	AA+ [2]	▼8/96	-		-		B- [6]	
Transam. Life & Ann.	69507	NC	\$ 13.9B	3%	A+ [2]		AA [3]		Aa3 [4]		AA+ [2]		B [5]	
Transam. Occidental	67121	CA	\$ 14.1B	7%	A+ [2]		AA [3]		Aa3 [4]		AA+ [2]		B+ [4]	▲2/97
Travelers Insurance Co.	87726	CT	\$ 31.2B	10%	A+ [2]	▲7/97	AA- [4]	▲11/96	Aa3 [4]	▲4/97	AA [3]	▲12/97	C+ [7]	▲10/95
Travelers Life/Annuity	80950	CT	\$ 1.9B	13%	A+ [2]	▲7/97	AA- [4]	▲11/96	Aa3 [4]	▲4/97	AA [3]	▲11/97	C+ [7]	▲10/95
Union Central LIC	80837	OH	\$ 4.1B	4%	A [3]		A+ [5]		A3 [7]		A+ [5]		C [8]	
Union Labor LIC	69744	MD	\$ 2.3B	6%	B++ [5]		withdrawn		-		withdrawn		D+ [10]	
United American Insur. Co.	92916	DE	\$ 0.7B	22%	A+ [2]		withdrawn		-		-		A- [3]	
United Investors LIC	94099	MO	\$ 1.7B	8%	A+ [2]	▼5/95	AA [3]	▼9/96	-		-		A- [3]	▼11/97
United Life & Annuity IC	69876	LA	\$ 1.6B	6%	A- [4]		-		-		A [6]	▼1/98	C+ [7]	▼8/97
United of Omaha	69868	NE	\$ 7.5B	6%	A [3]	▼6/96	AA [3]		Aa3 [4]	▼7/95	AA [3]		B+ [4]	
United Presidential	70033	IN	\$ 1.1B	7%	A- [4]		-		-		-		B [5]	
UNUM LIC	62235	ME	\$ 9.9B	6%	A++ [1]		AA [3]	▼1/95	Aa2 [3]	▼4/95	-		B [5]	
USAA LIC	69663	TX	\$ 5.8B	6%	A++ [1]		AAA [1]		Aa1 [2]		-		A [2]	▲7/97
U.S. Life Ins. Co. (NY)	70106	NY	\$ 2.5B	5%	A+ [2]		AA+ [2]		Aa3 [4]	▲6/97	-		B- [6]	▲7/97
USG Annuity & Life Co.	61247	OK	\$ 6.1B	6%	A+ [2]		AA [3]		Aa2 [3]	▲2/98	AA+ [2]	▲11/97	B- [6]	▲9/95
Variable Annuity LIC	70238	TX	\$ 22.1B	3%	A++ [1]		AA+ [2]		Aa2 [3]		AAA [1]		B+ [4]	
West Coast LIC	70335	CA	\$ 0.7B	21%	A [3]	▼4/97	-		A1 [5]	▲2/98	AA [3]		B- [6]	▼11/97
Western National LIC	70432	TX	\$ 8.6B	4%	A [3]		AA- [4]	▲9/96	Aa3 [4]	▲4/98	AAA [1]	▲4/98	B [5]	▲5/97

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Continued . . .

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's		Std & Poors		Moodys Invest.		Duff & Phelps		Weiss Research	
					Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Western Reserve LAC	91413	OH	\$ 2.9B	3%	A+ [2]		AAA [1]	▲10/96	Aa3 [4]		AA+ [2]		B [5]	▲7/97
Western & Southern LIC	70483	OH	\$ 4.1B	19%	A++ [1]		AAA [1]		Aa2 [3]		AAA [1]		A- [3]	
Western United LAC	77925	WA	\$ 0.9B	5%	B [7]	▼6/95	-		-		-		D [11]	▼9/95
William Penn LIC/NY	66230	NY	\$ 1.1B	4%	A [3]		-		A2 [6]	▼6/97	-		B- [6]	▼5/96
Woodmen of the World	57320	NE	\$ 3.0B	-	A+ [2]		AA [3]		-		-		-	
Zurich LIC of America	70661	IL	\$ 0.3B	9%	A [3]	▲6/94	AA- [4]		Aa3 [4]		AA [3]		C [8]	

Legend: Trend is the direction and date of most recent change. ▲ = 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 numerical 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 in-

cludes 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.

As a group, the claims-paying ability ratings are divided into two broad classifications. Rating categories from 'AAA' to

Rating Agencies

'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.

Rating Agencies

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

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

Rating Categories

AAA	Highest claims paying ability. Negligible risk.
AA+	Very high claims paying ability.
AA	Modest risk.
AA-	
A+	High claims paying ability.
A	Variable risk over time.
A-	
BBB+	Below average claims paying 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 Ratings, Inc. a recent entrant in the insurance rating business, began offering its **Weiss Safety 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 Rating 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 Weiss Safety 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.

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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