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*Plus Our Latest Updates on*

- Immediate Annuity Factors
- Deferred Annuity Interest Rates
- Ratings of the Insurance Companies

**ANNUITY SHOPPER  
MAGAZINE**

**January 2000 (Winter Issue)  
Volume 15, Number 1**

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**ANNUITY SHOPPER MAGAZINE**

(ISSN 1071-4510) is published semiannually  
by United States Annuities. COPYRIGHT  
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U.S. third-class delivery, prepaid only, \$45  
for 1 year (2 semiannual issues). Single  
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Hersh L. Stern  
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**Correction:** The article "Deferred Annuity Distribution at Death" in the January 1999 issue was partially adapted from Richard W. Duff's article "Annuities: Manna from Heaven or Accidents Waiting to Happen," *Broker World*, December 1997.

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# A Primer on Estate Taxes

The first step in estimating your potential estate tax is to calculate what your gross and net estates will be by using the worksheet below. An ownership column is included because how an asset is owned determines how much will be included in *your* estate. In the value column, put down:

- the full value of property of which you are the sole owner;
- one-half the value of property that you jointly own with your spouse with the right of survivorship;
- your proportionate share of property owned with others;
- one-half the value of community property. That basically includes all assets acquired during marriage in one of the community property states: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin. (Gifts or inheritances you have received are not considered community property, however, and their full value is included in your estate.)

Also include the full value of the proceeds of insurance policies on your life if you retain ownership in the policy; your interest in pension and profit-sharing plans; and the value of property placed in revocable and certain other trusts, such as Clifford (10-year-and-a-day) trusts.

A little advance planning can save your family a lot in estate tax liabilities. The idea is to get your taxable estate down to \$625,000—the amount it takes to run up a tax bill equal to the 1998 uniform estate and gift tax credit of \$202,050 that's available to nearly everyone. The size of an estate that can pass tax free increases each year it reaches \$1,000,000 in 2006.

For now, when a taxable estate exceeds \$625,000, the tax rate starts at 37% and goes up rapidly. To keep you from dodging the estate tax by giving away your property before death, there is a unified system for taxing gifts made during your lifetime and property left in your estate. The same tax rates apply to both, and nearly everyone gets the unified credit amount mentioned earlier. In 1998, the credit is \$202,050, enough to allow \$625,000 to pass tax free in 1998—either by gifts made during your lifetime or through your estate, or a combination of the two. (Family-owned businesses may get more—see a tax adviser for details.)

You can make gifts of up to \$10,000 a year to as many individuals as you like without having the tax count against the unified credit. If your spouse joins in, the annual exclusion is doubled to \$20,000 per recipient. (Beginning in

(Continued on page 8)

## Assets

|  | ownership | value |
|--|-----------|-------|
| Cash in checking, savings, money-market accounts                                 | _____     | _____ |
| Stocks   | _____     | _____ |
| Bonds  | _____     | _____ |
| Mutual funds   | _____     | _____ |
| Other investments  | _____     | _____ |
| Real estate  | _____     | _____ |
| Personal property, including furniture, cars, clothing, etc.                     | _____     | _____ |
| Art, antiques, collectibles  | _____     | _____ |
| Proceeds of life insurance policies you own on your life                         | _____     | _____ |
| Pension and profit-sharing benefits, IRAs, etc.                                  | _____     | _____ |
| Business interests: sole proprietorship, partnerships, closely held corporations | _____     | _____ |
| Money owed to you, such as mortgages, rents, professional fees                   | _____     | _____ |
| Other  | _____     | _____ |
| Gross Estate   | _____     | _____ |

## Liabilities

|                                       |       |       |
|---------------------------------------|-------|-------|
| Mortgages                             | _____ | _____ |
| Loans and notes                       | _____ | _____ |
| Taxes                                 | _____ | _____ |
| Consumer debt                         | _____ | _____ |
| Other                                 | _____ | _____ |
| TOTAL LIABILITIES                     | _____ | _____ |
| NET ESTATE (assets minus liabilities) | _____ | _____ |

# Retirement & Pension Issues

(Continued from page 7)

1999, the annual gift exclusion will be adjusted for inflation.)

For gift amounts over the annual exclusion, the tax is cumulative and tax rates are graduated. Say you give your granddaughter \$32,000—\$16,000 this year and \$16,000 in 1999. The gift tax is computed as follows: The first \$10,000 of each year's gift is tax free; in 1998, the tax on the remaining \$6,000 is \$1,080; in 1999, the second \$6,000 gift is added to the first and the tax is calculated on \$12,000. That's \$2,200, which is reduced by the previous year's tax of \$1,080 to bring the tax to \$1,120. You aren't allowed to pay the tax, however. Instead, your \$202,050 unified credit is reduced by \$2,200 (\$1,080 + \$1,120), leaving \$199,850 for gifts and estate taxes later on.

The tax on future gifts would also be figured by adding the taxable portion to the total of taxable gifts made in prior years. This procedure adding together all gifts, finding the tax on the total amount and then subtracting the cumulative tax liability on earlier gifts makes sure you work your way up the graduated-rate schedule into higher tax brackets. For the same reason, taxable gifts made during your life are taken into account when figuring the tax bill on your estate.

## Estimating Your Liability

This worksheet can help you estimate your estate tax situation. It assumes the estate is created in 1998 and a unified credit of \$202,050 applies. A sample estate column is included to help you follow along.

**1. Start with your gross estate**, taken from the assets worksheet. Subtract debts owed (use the total liabilities figure); the marital deduction (the value of all property left to a surviving spouse); and property left to charity, during your lifetime (but only in years after 1976).

**2. Add the taxable portion of gifts**

**3. Figure a tentative tax** on that total using the rate schedule above.

**4. Subtract any gift taxes** you paid out of pocket during your lifetime in excess of the unified credit.

(Continued on page 10)

## Federal Estate Tax Worksheet

|  | SAMPLE ESTATE | YOUR ESTATE |
|--|---------------|-------------|
| Gross estate                               | \$1,000,000   | \$          |
| Less liabilities                           | - 30,000      |             |
| <b>Adjusted gross estate</b>               | 970,000       |             |
| Less marital deduction                     | - 300,000     |             |
| Less charitable contribution deduction     | - 20,000      |             |
| <b>Taxable estate*</b>                     | 650,000       |             |
| Add adjusted taxable gifts made after 1976 | + 12,000      |             |
| Estate tax computation base                | 662,000       |             |
| Tentative tax from table below             | 215,740       |             |
| Less gift tax actually paid after 1997     | 0             |             |
| <b>Actual tax on taxable estate</b>        | 215,740       |             |
| Less unified credit (1998)*                | - 202,050     | - 202,050   |
| <b>Federal estate tax due</b>              | 13,690        |             |

\* If your taxable estate is less than \$625,000, no federal tax is due. For 1998 the federal credit is \$202,050, which allows a taxable estate of \$625,000 to pass tax free.  
 \*\* There may be other credits, such as a credit for foreign death taxes.

## Gift and Estate Tax Rate Schedule

| If the amount is |              | Tentative tax is |     |                |
|------------------|--------------|------------------|-----|----------------|
| Over             | But not over | Tax              | %   | On excess over |
| \$ 0             | \$ 10,000    | \$ 0             | 18% | \$ 0           |
| 10,000           | 20,000       | 1,800            | 20  | 10,000         |
| 20,000           | 40,000       | 3,800            | 22  | 20,000         |
| 40,000           | 60,000       | 8,200            | 24  | 40,000         |
| 60,000           | 80,000       | 13,000           | 26  | 60,000         |
| 80,000           | 100,000      | 18,200           | 28  | 80,000         |
| 100,000          | 150,000      | 23,800           | 30  | 100,000        |
| 150,000          | 250,000      | 38,800           | 32  | 150,000        |
| 250,000          | 500,000      | 70,800           | 34  | 250,000        |
| 500,000          | 750,000      | 155,800          | 37  | 500,000        |
| 750,000          | 1,000,000    | 248,300          | 39  | 750,000        |
| 1,000,000        | 1,250,000    | 345,000          | 41  | 1,000,000      |
| 1,250,000        | 1,500,000    | 448,300          | 43  | 1,250,000      |
| 1,500,000        | 2,000,000    | 555,800          | 45  | 1,500,000      |
| 2,000,000        | 2,500,000    | 780,800          | 49  | 2,000,000      |
| 2,500,000        | 3,000,000    | 1,205,800        | 53  | 2,500,000      |
| 3,000,000        | 10,000,000*  | 1,290,800        | 55  | 3,000,000      |

\* If your estate is over \$10,000,000, do not use these tables.

(Continued from page 8)

**5. Subtract the unified credit** and any other applicable tax credits, such as those for death taxes paid to a state.

## Don't Forget State Taxes

States vary in the way they tax estates. A few impose a death tax that applies to the estate (rather than the heirs) roughly the way the federal estate tax does. Others impose an inheritance tax directly on your heirs, with the lowest rates and the highest exemptions for your spouse and children. For example, Montana's rates start at 2% and rise to 32%. In Connecticut, Indiana, Iowa, Kansas, Kentucky, Louisiana, Montana, Nebraska, New Hampshire, New Jersey, New York, North Carolina, Oklahoma and South Dakota, transfers to a spouse are not taxed.

Every state has a pickup tax, which applies only to estates that owe a federal estate tax. It adds nothing to the tax bill but funnels money to the state that would otherwise go to the federal government.

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*Reprinted with permission from Kiplinger's Retirement Report, September 1998. The Kiplinger Washington Editors, Inc. Subscriptions: 800-544-0155, \$59.95/yr for 12 monthly issues.*



## Partial Termination of Plan Can Be Based on Related Transactions in Different Years

A district court in the Seventh Circuit concluded that, if various corporate transactions that occurred in different years are proven to be sufficiently related, then the terminations from the different years can be aggregated for purposes of determining whether a partial plan termination has occurred. Thus, a plan participant who was only partially vested in employer-derived benefits when he lost his job could have been entitled to full vesting by virtue of a partial termination resulting from job terminations that occurred mostly in years *after* the year in which he'd lost his own job. (*Matz v. Household International Tax Reduction Investment Plan* (1999, DC IL) 1999 WL 754659)

Robert Matz and other employees of Household International, Inc. or its subsidiaries had participated in the Household International Tax Reduction Investment Plan. Plan participants made payroll contributions to the plan, which were matched by contributions from Hamilton. The plan contained a vesting schedule for Hamilton's matching contributions under which a participant became vested at a rate of 20% a year, thus requiring five years for a participant to become fully vested.

As required under Code Sec. 411 (d) (3), the plan also provided that in case of the plan's termination, or a partial termination with respect to a group of participants, the account balance of each affected participant would become 100% vested.

Matz, who was terminated from his position in September of 1994, and several other employees, lost their jobs due to a series of corporate transactions that occurred between August of 1994 and May of 1996. In 1994, Household sold the assets of its subsidiary, Hamilton Investment, Inc., and discontinued Household Mortgage Services, Inc. In 1995, Household sold its Maryland, Virginia, California, Ohio, and Indiana branches of Household Bank, F.S.B., and the Alexander Hamilton Life Insurance Co. In 1996, Hamilton sold the Illinois branch of Household Bank, F.S.B.

At the time they lost their jobs, Matz and some other employees were not fully vested in the portion of their account balances derived from Household's matching contributions to the plan. When Matz and these employees lost their jobs, the nonvested portions of their plan accounts were forfeited. On his termination, Matz was vested in 60% of the benefits derived from Hamilton's contributions. Thus, he received a plan distribution of \$27,900, but he forfeited another \$7,900.

Under the plan, Matz would have been entitled to *full* vesting of his plan account balance if it were established that he'd lost his job in a partial termination. So Matz tried to bring a class action against the plan, contending that the transactions that occurred between August of 1994 and May of 1996 were all related transactions that resulted in the plan's "partial termination" under Code Sec. 411 (d)(3).

Before the class was certified and before the parties began full discovery, Matz and the plan agreed to brief the court and resolve two issues concerning the partial termination claim. On the first issue, the court had ruled (in November of 1998) that fully vested plan participants, including participants who

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# Retirement & Pension Issues

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were fired after September of 1995, would be counted in determining whether a partial termination had occurred. The plan made a motion for an interlocutory appeal of this opinion, but the court waited before ruling on the motion until the second issue could be addressed.

In this opinion, the court addressed the second issue: whether Matz could consolidate plan years to establish that a partial termination had occurred. In general, courts look at whether there has been a significant reduction in the number of plan participants to determine if a partial termination has occurred, applying a "significant percentage test." The plan argued that, in calculating the percentage of affected employees under this test, Matz was allowed to count only those participants terminated from the plan in a single plan year, and that he was not allowed to count participants terminated in other plan years. Matz countered that it was proper to aggregate all participants terminated as a result of Hamilton's corporate transactions between August of 1994 and May of 1996, because all of these transactions were part of a single reorganization plan.

☑ **Observation:** Courts have applied the percentage test based on: (1) the number of employer-initiated terminations of employees (in some jurisdictions, minus the number of terminated employees who were fully vested) during the relevant period, divided by (2) the applicable number of participants in the plan at the start of the relevant period plus participants added during the period. The higher the percentage, the more likely there was a partial termination (although there is no established uniform threshold percentage). Aggregation of employees terminated in more than one plan year usually increases the percentage used to indicate a partial termination.

The court determined that the plan's argument that only the number of employees excluded from plan coverage within a single year should be considered in evaluating whether a partial termination had occurred—was not sup-

ported by logic or required by authority. The court said that the only two courts that have directly addressed the issue found that it can be appropriate to aggregate terminations in different years to make the determination.

In *Weil v. Retirement Plan Administrative Committee of the Terson Co.* (1984, CA2) 750 F2d 10, the Second Circuit said that if employee terminations in 1980 were related to the then-impending acquisition and reorganization of an employer (in 1981), then the 1980 terminations should have been considered in determining whether the plan was partially terminated in 1981.

☑ **Observation:** The consideration in *Weil* was whether a plan could be considered to have terminated in a *later* year (1981) because of employee terminations in an *earlier* year (1980). On the other hand, Matz's argument was that terminations in *later* years (1995 and 1996) should be considered in determining whether there was a partial termination in an *earlier* year (1994, when Matz was terminated). Accrued benefits or participants' account balances become nonforfeitable on the date the plan terminates (or on the date of a complete discontinuance of contributions). It is possible that a court could allow the aggregation of terminations over a number of plan years, and still find that the partial termination occurred only after a significant percentage of employees had been terminated, i.e., in a later year. But if employees were terminated under a single plan, that could provide a basis for finding that the partial termination was a single event that occurred at the time the plan was first implemented. The court in *Weil* seemed to indicate (without referring to the date on which the partial termination occurred) that if a participant's employment was terminated *pursuant to* a partial termination, that might cause that participant's accrued benefits to vest.

In *Gulf Pension Litigation, in re* (1991, DC TX) 764 F Supp 1149, Gulf merged with Chevron in 1984, and over the next two and a half years, sold off assets and laid off numerous employees, resulting in the termination of a significant percentage of participants from the

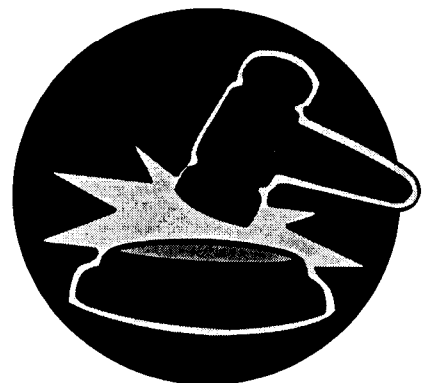
pension plan. The court determined that the reduction in the workforce was considered a single event, so that the two and a half year period was the relevant time frame for determining whether a partial termination had occurred.

The district court here also found that the IRS has *not* taken a clear position on the matter. Although all of the published revenue rulings dealing with the issue of partial terminations involved one-year reductions in plan participation, the court refused to infer that the IRS would look only to a single year in all cases. References to partial termination requirements in the Internal Revenue Manual (Subsection 7753, Plan Termination Handbook, Sec. 252(6)) and to IRS Form 5300 were inconclusive, as the manual and form each contain language that seems to leave open the possibility of a partial termination occurring over a period of more than a single year. Neither the manual nor Form 5300 require that a partial termination occur in only a single year.

Thus, the court concluded that, assuming the plaintiffs could prove it, a partial termination based on a reduction of a substantial percentage of employees may occur from a significant corporate event that manifests itself in employer-initiated terminations occurring over more than one plan year.

Thus, the court denied the plan's motion for summary judgment, and allowed the plan to include an appeal of this opinion along with the plan's appeal of the first issue addressed in this litigation (see above).

Reprinted from Pension & Benefits Week, October 12, 1999 issue. Research Institute of America Group. Subscriptions: 800-421-9025, \$290/yr.



# Supreme Court Agrees to Review Claim That HMO Breached Fiduciary Duty by Limiting Treatment

The Supreme Court has agreed to review *Herdrich v. Pegram* (1998, CA7) 1998 WL 483926, in which the Seventh Circuit held that a district court improperly dismissed a medical plan participant's claim that an HMO breached its fiduciary duty to plan beneficiaries under ERISA by depriving them of proper medical care in order to cut expenses. (*Pegram v. Herdrich*, Sup. Ct., cert granted, No.98-1949, 9/28/99)

**Background.** Cynthia Herdrich was covered by a pre-paid health insurance plan offered by her husband's employer that was administered by Health Alliance Medical Plans, Inc. (HAMP). In March, 1991, Dr. Lori Pegram, a physician who practiced with Carle Clinic Association, P.C. (Carle), a health care provider under the plan, discovered an inflamed mass in Herdrich's abdomen.

Pegram told Herdrich to wait eight days to receive the necessary diagnostic procedure, ultrasound, at a Carle-staffed facility fifty miles away, instead of allowing the procedure to be performed at Herdrich's local hospital. During the eight-day waiting period, Herdrich's appendix ruptured, resulting in peritonitis, a life threatening condition.

Herdrich sued Pegram, Carle and HAMP in state court. She sued Pegram and Carle for medical malpractice, alleging that she contracted peritonitis due to Pegram's negligence in failing to provide her with timely and adequate medical care. Herdrich also sued Carle and HAMP for common law fraud based on their failure to disclose that Carle had an ownership interest in HAMP, and that the compensation of plan doctors, such as Pegram, was in-

creased to the extent the doctor (1) minimized diagnostic tests, (2) used Carle and HAMP facilities, and (3) minimized emergency and consultation referrals.



The defendants removed the case to federal court. Herdrich's medical malpractice claim went to trial, and she was awarded compensatory damages. The court also held that Herdrich's common law fraud claim was preempted by ERISA, so it granted Herdrich the opportunity to amend the claim to clearly state an ERISA cause of action. Herdrich's amended complaint said that the defendants breached their fiduciary duty to plan beneficiaries by depriving them of proper medical care, and retaining

the resulting savings for themselves. The court dismissed the ERISA claim on the ground that Herdrich failed to show how any of the defendants were plan fiduciaries. Herdrich then appealed the dismissal of her ERISA claim to the Seventh Circuit.

**Seventh Circuit's holding.** The Seventh Circuit held that Carle and HAMP were fiduciaries under ERISA § 3(21)(A) since they exclusively decided all disputed and non-routine claims under the plan.

The Seventh Circuit then held that the allegations in Herdrich's complaint established a breach of fiduciary duty by Carle and HAMP. Under ERISA § 404(a)(1), a fiduciary must act solely in the interest of participants and beneficiaries. Here, the same doctor-administrators with authority to determine whether health care claims would be paid were also eligible to receive year-end bonuses as a result of cost savings. Although ERISA allows fiduciaries to have dual loyalties, the bonus system here provided doctors such a strong incentive to limit costs that Herdrich's complaint should not have been dismissed before she was given a chance to prove her allegations at trial.

The Seventh Circuit also rejected the defendants' argument that Herdrich's ERISA claim should be dismissed since she didn't suffer any loss as a result of the alleged breach. Under ERISA § 502(a)(3), a participant or beneficiary such as Herdrich can bring an action for equitable relief against fiduciaries who breached their fiduciary duties.

Reprinted from Pension & Benefits Week, October 4, 1999 issue. Research Institute of America Group. Subscriptions: 800-421-9025, \$290/yr.



# Defined Benefit Plan Was Properly Disqualified Because of Improper Loans to Plan Trustee

The Tax Court has held that the IRS properly revoked a defined benefit plan's qualified status because the plan was not operated for the exclusive benefit of employees, where the plan's trustee (who was also the plan sponsor's sole shareholder) essentially used the plan as a personal checking account.

*(Westchester Plastic Surgical Associates, P.C. (1999) TC Memo 1999-369)*

**Background.** Michael Morrissey was the sole shareholder, president and secretary of Westchester Plastic Surgical Associates, P.C. ("the company"). The company adopted a defined benefit retirement plan (the "plan") in 1976, and obtained a favorable determination letter from the IRS in 1988. Morrissey was the sole trustee of the plan and exercised complete control over the management and disposition of the plan's assets.

The plan ceased benefit accruals in 1990, at which time all plan participants were 100% vested. The plan terminated later the same year. In addition to Morrissey, there were two plan participants. Both of these participants were paid their full benefits upon plan termination, leaving Morrissey the sole remaining participant.

Between 1984 and 1988, Morrissey had made a series of six loans to himself, totaling \$105,000. None of the six loans stated when payments were due. None required security or collateral. And none of them stated a maturity date. Morrissey made neither interest nor principal payments to the plan. And as trustee of the plan, Morrissey made no attempt to collect on any of the outstanding six loans. What's more, rather than collecting on the loans as plan trustee, Morrissey simply waived his rights

to pension benefits when the plan terminated.

The exclusive benefit rule. Under Code Sec. 401(a)(2), it must be impossible, at any time before the satisfaction of all liabilities with respect to the em-

himself to obtain loans from the plan and then waiving his right to unfunded benefits at termination, Morrissey used the plan assets as a ready source of cash for his immediate personal needs, as opposed to income for retirement. Essentially, he treated the plan as a checking account, on which interest accumulated tax free.

The court held that the IRS had properly revoked the qualified status of the plan because the plan was not operated for the exclusive benefit of employees. The following facts combined to prove that the plan was not managed for the exclusive benefit of the employees, but for the immediate as opposed to the retirement benefit of-

Morrissey: (1) Morrissey's failure to make required contributions owed to the plan, (2) the lending of a large portion of the plan's liquid assets through loans to Morrissey secured only by his vested accrued benefit, (3) Morrissey's failure to pay any interest or repay the principal by the date of termination of the plan, and (4) Morrissey's waiver of his right to any unfunded benefits.

Also, and perhaps more important, the court said, its decision was based on a deter-

mination that the entire investment philosophy of the plan was aimed not at providing benefits for the employees, but at making capital available to Morrissey. The manipulation of pension plan assets by a trustee who is also the sole shareholder of the plan sponsor is a clear example of an exclusive benefit rule violation, the court stated.

Based on the facts, the Tax Court said that there was no doubt that the plan was *not* managed for the exclusive benefit of the employees. By allowing

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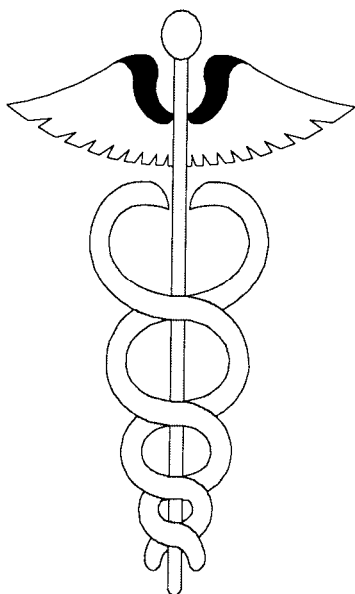


## Medicaid Estate Recovery Moves Forward: States Expand Recovery Programs to Include Surviving Spouse

Medicaid will pay for nursing home costs only if the resident has no more than \$2000 in "countable" assets. Some assets are not counted in determining eligibility. The most significant of such assets is the person's home. A person can own a home of any value and still get Medicaid. In 1993 Congress perceived a glaring loophole here and sought to fill it. Henceforth, states must make an effort to collect at least from the probate estate of the Medicaid recipient after his or her death what the state paid for his or her nursing home care. Prior to 1993, estate recovery was optional. In almost all cases, the only asset in the estate would be the house. But what if the person had been married? Typically, the house would be owned by the spouses jointly, so that it would pass automatically to the surviving spouse, and hence not be part of the Medicaid recipient's estate.

### Spousal Impoverishment

Prior to the enactment of the Medicare Catastrophic Coverage Act of 1988



(MCCA), a married person in a nursing home would have to spend down almost everything the married couple owned before becoming eligible for Medicaid nursing home benefits. Needless to say, the result of spend-down frequently left the spouse at home (called the "community spouse") impoverished. MCCA included "spousal impoverishment" protections designed to prevent this from happening. The MCCA permits the community spouse to keep up to about \$80,000 of the couple's assets. Under the 1993 law, states are also allowed to expand the definition of the estate to include non-probate assets. Some states have already done this. A few of these states have elected to collect from the estate of the surviving community spouse.

### Potential Trap for Planners

In 1974, Amos and Alice Jobe acquired their 120-acre homestead and placed it in joint tenancy. In December 1993, Amos entered a Minnesota nursing home and began receiving Medicaid. He died in 1995. Alice, who never received Medicaid, died in 1996. The homestead, valued at \$35,000, was the only asset in her estate. The Ottertail County Department of Social Services filed a claim against Alice's estate. The county sought reimbursement for \$67,767.60 in Medicaid benefits provided to Amos before his death. The probate court overruled the estate's objection and allowed the claim as being permitted under Minnesota's expanded definition of estate recovery. Alice's estate argued that under federal law, a state is prohibited from recovering from the estate of the surviving spouse for Medicaid paid on behalf of a predeceased spouse. The Minnesota Court of Appeals held that in amending the 1993 law, Congress "intended to broaden states' estate recovery programs and allow states to trace assets of medical assistance recipients and recover benefits paid when a recipient's surviving spouse dies." The Court of Appeals cited a 1998 North Dakota case which upheld estate recovery from the surviving spouse even though the Medicaid recipient had died before North Dakota

enacted its statute allowing it. (In *Re Estate of Alice I. Jobe*, March 23, 1999; *North Dakota Dept. of Human Services v. Thompson*, N. D. Supreme Court, Dec. 22, 1998.) Under the rationale of these two cases, the surviving spouse is potentially a creditor of the state whenever his or her predeceased spouse received Medicaid. Estate planners for the surviving spouse must be aware of this possibility.

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## Lawyer for Late Husband Sued by Second Wife for Failing to Fund Trust

### The Camel's Nose Under the Tent

The clear trend in American jurisprudence is to allow non-clients to sue estate planning lawyers for malpractice only if they can show that they were the intended beneficiary of the client's estate plan.

It is difficult to argue against the view that the lawyer who wrote the wrong beneficiary's name into his client's will should not be subject to suit by the now-deceased client's intended beneficiary.

Where will the line be drawn between finding liability and letting the lawyer go free? There is a big difference, surely, between what the lawyer should

*(Continued on page 17)*

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have done and what he was hired to do.

Ask Philadelphia attorney John Lamb. In 1985 his client Joseph Katz hired him to prepare a trust that would pay income to him for his lifetime, then pay the income to his second wife Beatrice for her lifetime.

The trust was to hold Joseph's 12,000 shares of stock in Philadelphia Electric Co. At Beatrice's death, the stock was to be transferred according to the terms of Joseph's will. Unbeknownst to Joseph or Beatrice, the 12,000 shares of PECO stock were never transferred to the trustee. When Joseph died in 1991 he still owned the stock, and the shares passed to his children under his will.

Needless to say, Beatrice was very unhappy about this turn of events, for the failure of the PECO stock to be transferred to the trust resulted in a considerable loss of income for the remainder of her life.

## Breach of Contract or Negligence

Beatrice sued Mr. Lamb and his law firm, contending that her husband's lawyer should have completed the transfer of the stock to the trustee to effectuate Joseph's intent.

Mr. Lamb argued that under the terms of his contract with Joseph he was not obligated to make sure that the stock was transferred to the trust. He and his firm also denied that Beatrice was a third-party beneficiary under the contract.

The trial judge and the Pennsylvania appeals court both sided with the lawyers. Beatrice did not have standing to sue Mr. Lamb for negligence—that is, that Mr. Lamb failed to exercise reasonable care in the performance of his duties. The negligence claim belonged to the late Joseph Katz, not his wife.

The appellate court did state, however, that if Mr. Lamb and his firm have any liability to Beatrice, it would be as an intended third-party beneficiary to the contract between Mr. Lamb and her late husband. In her complaint, Beatrice had not claimed to be an intended beneficiary of a contract; rather, she claimed to be an intended beneficiary of the trust agreement.

In short, Beatrice should have alleged

that Mr. Lamb had a duty under his contract with Joseph to see to it that the trust was funded.

Beatrice's lawyer asked the state's high court to hear the case, urging that it clarify the standards and circumstances under which a non-client can sue a lawyer for failing to perform legal services. On June 1, 1999, according to the Pennsylvania Law Weekly, the Pennsylvania Supreme Court agreed to hear the case.

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## Trust Assets Considered Available to Disabled Child Court: Father Intended that Assets Be Used to Supplant Public Benefits

One of the great fears that parents of disabled children have is that their children's financial needs will not be provided for when the parents are deceased. Most parents, however, do not want their disabled child to receive their inheritance outright.

One alternative that parents may entertain is that the disabled child's inheritance be left to a sibling, who is expected to "do the right thing."

Such parents often turn to legal counsel for planning assistance. Most lawyers will suggest that leaving the money to a

sibling to "do the right thing" is not the right thing. No one believes that the brother will steal the inheritance from his disabled sister. But that money is subject to the brother's debts. That inheritance is also a part of the brother's estate. What happens to the money if brother predeceases his disabled sister? Rather, counsel is likely to recommend that the parents set up a trust for their disabled child. The trust could be set up while the parents are still alive (this is called an inter vivos trust) or after their death by their wills (this is a testamentary trust).

Such trusts must be drafted with care, however. The unique facts and circumstances of the disabled child—the trust beneficiary—must be taken into account as well as the intentions of the parents. Otherwise, unintended, even financially disastrous, consequences could occur.

In the following case, the Court inferred that the handicapped person's father wanted his assets to be used for his daughter's support instead of the public's.

## The Discretionary Support Trust

Marie Strojek, a mentally handicapped sixty-three-year old, has been a resident of Opportunity Village in Clear Lake, Iowa, since February 1981. Hardin County, Iowa, pays approximately \$21,900 per year for Marie's care at the Village.

Marie is the beneficiary of a testamentary trust established by her late father, in which her sister, Caroline Mills is trustee.

The trust provides: "My trustee shall, from time to time, pay to or apply for the benefit of my daughter, Marie, such sums from the income and principal as my trustee in the exercise of her sole discretion deems necessary or advisable, to provide for her proper care, support, maintenance and education."

The trust assets included approximately \$70,000 in CDs and bank accounts, and a half interest in a 200-acre farm.

In 1996, the County enacted the Hardin County Mental Health Services Plan.

The plan contained income and resource eligibility criteria that had to be satis-

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fied before residents were eligible for benefits. The County informed Carolyn, the trustee, that Marie no longer qualified for assistance because her trust assets were in excess of the eligibility minimums.

Marie appealed the County's decision to the Iowa trial court, which affirmed, and then appealed to the Iowa Court of Appeals. Marie contended that the trust was discretionary, in that the trustee, Carolyn, could decide whether or not to use the funds in the trust for Marie's support, as Carolyn saw fit.

The County contended that, by the terms of the trust, Marie as its beneficiary could compel the trustee to make payments necessary for her support. If the assets in the trust were liable for Marie's support, therefore, the County would not be.

The Iowa Court of Appeals sided with the County. In attempting to divine the intent of Marie's father, the court said that his trust "combines discretionary language with language indicative of a support trust. Assets necessary for [Marie's] basic needs could be reached by [Marie] or the County. Therefore, trust assets could be considered when determining eligibility for [Marie's] living expenses." (*Strojek v. Hardin County*, September 29, 1999)

**Editor's note:** An alternative strategy to a trust, or even one that could be used in combination with a trust would be to purchase an immediate income annuity for the handicapped person.

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## Life Expectancy at Record High

### AIDS Leaves U.S. List of Top Killers; Many Trends Positive

By David Brown  
Washington Post Staff Writer  
Thursday, October 7, 1999

AIDS fell from the list of the leading 15 causes of death in the United States in 1998, a year that also saw a record high in life expectancy—nearly 77 years—and favorable trends in more than a half-dozen other measures of the nation's health.

The death rate from homicide dropped 14 percent, the largest decline in 40 years. Suicide decreased 6 percent and accidents 5 percent. Mortality from heart disease, cancer and stroke, the leading causes of death, continued their downward trends, according to the latest federal survey of birth and death statistics.

"We had declines in the causes where there are drugs and treatment, as well as in the ones where behavior plays a role," said Harry M. Rosenberg, chief of mortality statistics of the National Center for Health Statistics, which reported the data. "You could look at it as a banner year."

The trend in AIDS mortality, while not unexpected, is nevertheless unprecedented in vital statistics in the last half-century. The disease was the eighth-leading cause of death in 1996. By

1997, it was 14th, a reflection of the widespread use of life-prolonging "triple therapy" with antiviral drugs.

"This reflects major achievements on the part of medical science and public health prevention programs. There is simply nothing else in the trends of the last 50 years that compares with what we've seen," Rosenberg said.

The annual report also noted a reduction in the teenage birthrate, with the biggest drop—5 percent—seen in girls ages 15, 16 and 17. For women in their thirties, birthrates rose to the highest level in 30 years.

The snapshot of America's health, however, was not without shadows.

While life expectancy at birth now stands at 76.7 years (up from 76.5 in 1997), it is nearly 10 years less (67.8) for black men. For black women, it is 75 years.

The fraction of infants born with low birth weight (LBW)—a condition that increases their risk of death, mental retardation and chronic illness—was 7.6 percent, up slightly from the year before, and up from 6.8 percent in the mid-1980s. Although there was no upward trend for black women, LBW levels for them were 13 percent, nearly twice the national average.

Some of the increase in LBW infants is because of the marked rise in twins, triplets and other multiple births brought on by various fertility-enhancing treatments of the last decade. But that's unlikely to explain all of it, said Stephanie Ventura, a demographer with the National Center for Health Statistics.

"We're not really sure what else is going on. Other factors associated with low birthrate, like teen births, are down. It's very troubling," she said.

The infant mortality rate last year was 7.2 per 1,000 live births, unchanged from 1997. That compares to 3.6 in Sweden and 3.7 in Japan, the countries with the lowest rates.

The mortality rate in the District of Columbia was the nation's highest at 673 per 100,000 population, compared to an average of 471 nationwide, and 370 in Hawaii, the state with the lowest. Among states, Mississippi had the highest mortality rate, 607 per 100,000 people.



(Continued from page 18)

ple.

Although the decline in AIDS deaths was the most dramatic finding in the 1998 statistics, it wasn't primarily responsible for the fall in the overall mortality rate. Decreased death by heart disease, cancer and stroke—which together cause nearly two-thirds of the deaths in the United States—was the bigger driving force.

The death rate from heart disease, declining since 1950, fell 3 percent from 1997 to 1998. Cancer mortality, falling since 1990, fell 2 percent. Death from stroke, which fell after 1950 but had appeared to be leveling off early this decade, resumed a downward trend.

The proportion of births to unmarried women rose slightly, from 32.4 percent to 32.8 percent nationwide on average.

Source: The Washington Post Company.

## SPIAs Should Reflect Today's New Mortality

Annuities are mortality products. Not everyone recognizes that, but we should: Their distribution options are subject to the age and life expectancy of the annuitant.

Life expectancy is especially critical in "life only" and "life certain" distribution scenarios: The longer the expectancy, the smaller the distribution. Even the exclusion ratio, in a life only strategy, is keyed to projected mortality. The lifetime benefit may be guaranteed, but the exclusion ratio ends when the

policy's basis has been paid out. This mortality timeline takes on an important role in selecting who becomes the annuitant.

Consider for a moment that single-premium immediate annuity "life" distributions are now being underwritten based on gender, smoking habit and health. Hence: distributions are greater for men, who have a shorter life expectancy than women of the same age; for smokers, who have a shorter life expectancy than nonsmokers; and for those with health impairments, who have a shorter life expectancy than the healthy.

This means sick males who smoke make excellent mortality risks for lifetime income products. And, if you're concerned about the surviving spouse's income needs in a life scenario, you can always add a time certain period or elect the cash option.

Most retirement income strategies focus on easing conservative clients out of fixed products into "marginal" market risk investments (like balanced income, tax-free municipal, or government bond funds). Though it's perplexing to say "conservative client" and "marginal risk" the same sentence, the strategy is sound: Increase monthly income with an "acceptable" risk of principal.

Many client disputes center on the definition of acceptable risk for higher returns. In my view, even if the risk is acceptable, the most uncalculated risk of all is living beyond one's principal and interest. Thus, client profiling is essential to determine the client's psychological priorities. A "discovery process," that uncovers true intentions, must precede the sales presentation.

There are two dominant personality profiles in retirement scenarios that appear to be diametrically opposed. One seeks more monthly income without excessive risk, while the other seeks not to outlive the income-generating asset. But, as we all know, you can't have your cake and eat it, too. With more of us living much longer, the rate of return may not be the dominant priority; instead, it will be an inexhaustible lifetime income.

That's why "life option" SPIAs, with their unexciting interest rates, will

experience a major comeback.

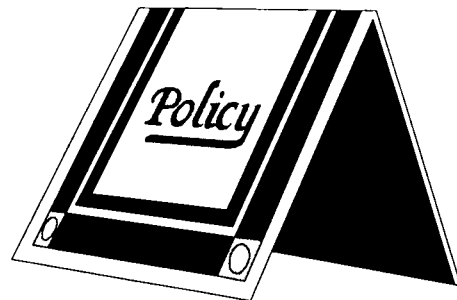
Case in point: A 64-year-old man was investigating the best income investment he could get from the \$500,000 in certificates of deposit and money market accounts he and his wife had accumulated.

One planner suggested a balanced income fund with a marginal Morningstar beta risk. But the competing planner inquired about the clients' smoking habits, health, and family longevity, and found both were smokers and the man was diabetic. So the second planner quoted a SPIA life only, joint and survivor plan with a carrier that recognizes these health issues in its pricing.

The result: Although the SPIAs interest rate came in at 175 basis points below the projected return for the balanced income fund, and even though the clients really needed more income, the couple took the SPIA. Their investor profile was the reason: The couple was more concerned about outliving their assets than getting a higher rate.

Sadly, most annuities have yet to be updated to reflect the new mortality advances. True, some carriers have extended the maturity date of second-to-die life policies to joint equal age 115; but they're still maintaining antiquated annuity pricing models at age 100. An arbitrage opportunity may exist for savvy investors, who purchase guaranteed annuity distributions on existing annuities before new annuity chassis are built with longer timelines and less income.

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## Bilked Investors Stuck With Income & Penalty Tax on Nonexistent IRA Rollovers

The IRS has concluded in Field Service Advice (FSA) that it can't help taxpayers who were defrauded of funds when their adviser stole the funds they had intended to deposit into IRAs via a tax-free rollover. They dealt with an ineligible IRA trustee, and failed to take the steps necessary to set up IRA rollover accounts. As a result, their withdrawals were subject to income tax. They also faced the 10% penalty tax on premature withdrawals under Code Sec. 72(t) if they were under age 59 ½ when the withdrawals took place (unless one of several exceptions applied). (*IRS Field Service Advice 199933038*)

**Facts.** Between '89 and '97, an individual who provided accounting services convinced some of his clients to withdraw cash from qualified tax-deferred accounts such as IRAs and invest their money in a partnership venture or a bond fund. The clients apparently believed that the new investments would receive tax-free rollover treatment, and, until recently, were unaware that their funds had been embezzled.

**No relief.** IRS personnel at the local level thought the IRS should waive the 60-day rollover period if the taxpayers replenish their IRAs with funds from other sources within a reasonable time. However, the Office of Associate Chief Counsel (Employee Benefits & Exempt Organizations) said that under the circumstances, the IRS didn't appear to have the authority to waive either the 60-day rollover rule or the 10% penalty tax on premature withdrawals.

IRS personnel on the local level thought that the bilked investors should qualify for relief under the following authorities:

- *Wood*, 93 TC 114 (1989), holding that mere bookkeeping error didn't disqualify an intended IRA rollover of money delivered to an institutional IRA trustee.
- *Childs*, TC Memo 1996-267 (1996), granting relief to a taxpayer who

failed to timely withdraw an excess IRA contribution because of representations made by the IRA custodian's employee.

- IRS Letter Ruling 9234016, which granted relief to taxpayers when a financial institution restored funds that had been embezzled by its employee and never deposited to their IRAs.

The FSA pointed out that in the above situations, the investors dealt directly with employees of financial institutions who would have met the qualifications for IRA trustees. By contrast, the taxpayers defrauded by their accountant didn't establish that they were dealing with someone that they had a reasonable expectation to believe had the authority to establish an IRA, such as an employee of a bank or a financial institution. Although the individual provided accounting services, there was no mention of his qualifications as an IRA trustee. The FSA cites *Schoof et al*, 110 TC 1 (1998) as standing for the proposition that an individual cannot act as an IRA trustee.

Additionally, although the taxpayers thought their money would be deposited into accounts that would qualify for tax-free rollover treatment, there was no evidence that they took the steps necessary to set up these accounts. Instead, they merely gave their money to their accountant and asked him to invest it. This fact distinguished their situation from the taxpayer in *Wood* who completed the paperwork to establish the IRA rollover account, and from the taxpayers in *Childs* and the '82 ruling who maintained accounts at the institutions that made the transfers.

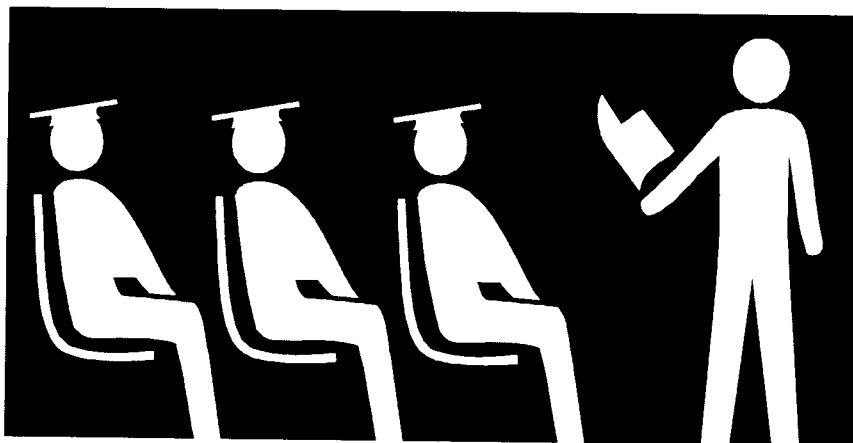
The FSA does however say that if the taxpayers supply additional data narrowing the distinction between their situation and the one in *Wood*, the IRS would "consider such facts carefully." A footnote tells local IRS personnel that further factual development was necessary to determine if the person who defrauded the taxpayers held himself out to be an IRA trustee, and whether the taxpayers signed papers purporting to open IRAs, or took other "reasonably prudent steps" to see that an IRA rollover was made.

☑ **observation:** One form of tax relief not discussed by the FSA is the theft loss deduction. In the year the loss is discovered, taxpayers who have lost money due to theft, which includes embezzlement and false representation, may deduct what they've lost in the year the loss is discovered. The amount of the theft loss in excess of \$100 may be claimed as an itemized deduction to the extent it exceeds 10% of the taxpayer's adjusted gross income.

☑ **observation:** A taxpayer doesn't have basis in an IRA or other retirement plan funded entirely with deductible (or untaxed) dollars, and therefore couldn't deduct the theft of money in such accounts. However, in the situation addressed by the FSA, a theft loss would be available to the taxpayers because they are required to take into income the amounts that weren't rolled over to an IRA.

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## Annuitization Needs to be Better Understood

It seems logical. Eventually, all those annuity owners who are accumulating money in annuities for retirement income will want to receive a distribution from their contracts.

How will they do it? Why are so few annuity holders doing it now?

When looking at this market, we should first evaluate why someone buys an annuity. Regardless of how much education has been done on this subject, some producers still are selling annuities to consumers who would be better served with a life insurance policy. These are the consumers who know, at the outset, that it is extremely unlikely they will be using the annuity for retirement income. They simply are buying the annuity to transfer wealth to the next generation.

Generally speaking, life insurance is a better vehicle for accomplishing wealth transfer. It is difficult to say how many annuity buyers fall in this category, but the number probably is significant.

The answer lies in better agent education, better consumer information and better life products for this market.

Now, for the trillion-dollar question: Why don't those annuity holders annuitize when they need retirement income?

As with most annuity questions, I

think there are two places to look—at the seller and the buyer.

For one, most buyers view annuitization as a low-yielding inflexible bet with an insurer, which the insurer will likely win.

Most of the sellers, and producers, view annuitization as a low- or no-commission, inflexible commitment of their clients' assets to commission oblivion.

Commission oblivion means that these assets are forever removed from the possibility of earning new commission for the agent.

I think both of these perceptions can be changed, but it will take some work. First of all, we can change clients' perceptions concerning low yields with some education and product modifications.

Insurers need to develop distribution programs that balance safety with inflation protection. Many carriers are working on such programs. Retirees also have to be educated about income annuities and their attendant benefits.

I believe allocating cash-flow streams among fixed, variable and systematic withdrawals and equity indexing is the answer. But it is important to note that product change and allocation programs are only part of the answer. The best product will not sell if potential buyers

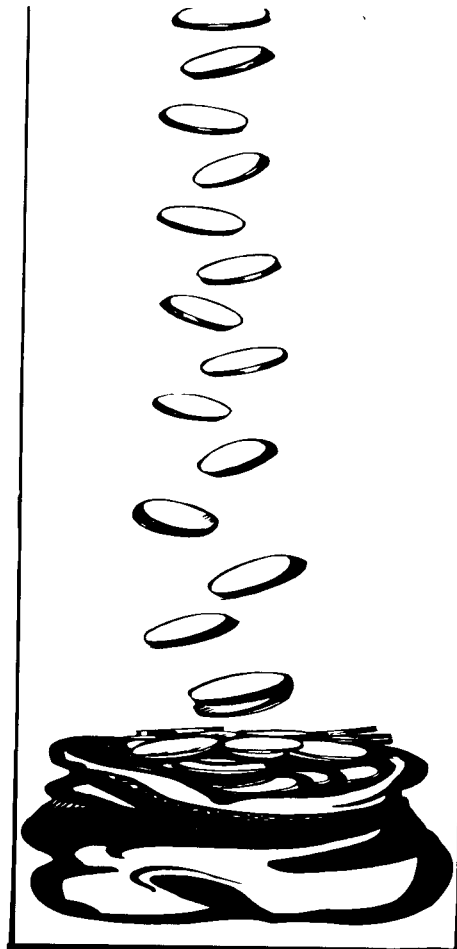
don't understand its value.

Producers must be educated and motivated to get the word out to their clients. Which brings me to the agent issues.

How can agents be properly compensated for the initial and on-going advice and counsel they give to clients on annuity income?

Insurers should be moving toward a solution with proper income product design and some up-front commission with an asset trail component. Variable product designers are doing this, but few fixed products have these compensation features. Therefore, I think we need to structure allocation programs using fixed, variable and systematic withdrawals, and indexing combined with flexible, asset-based compensation to align the agent's interests with the client's.

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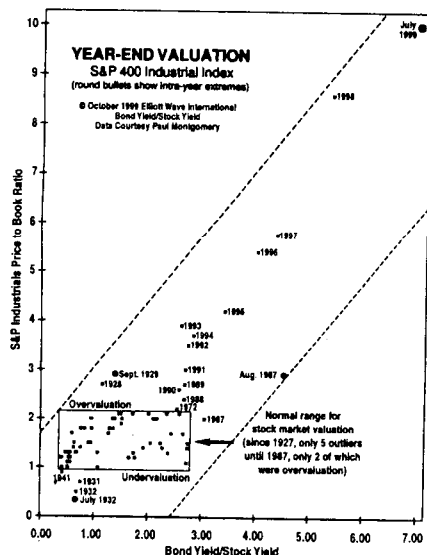
# Three Bearish Perspectives



## Year-End Valuation

Where to now? Well, our bullet chart of stock market valuation offers a host of newly relevant targets. The dot marking the current valuation looks like Pluto does in a depiction of our solar system: way out there. The important message of this chart is now popularly rebutted by new theories about the right price for stocks. At Dow 36,000, a proper valuation for the Dow is 3.6 times its current level. This would place the valuation dot somewhere out in the Milky Way; dismissing three centuries of the stock market's valuation of industrial development as absurdly underpriced.

In a stock mania, valuation levels are meaningless. They become



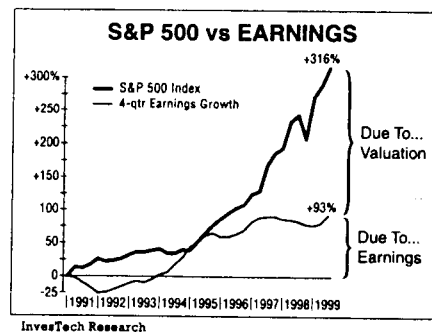
meaningful in a bear market only when the gravity of falling prices returns them to their historic orbit. The trip back toward Earth has always meant a return at least to the historical average. So how far does the Dow Jones Industrial Average have to fall to produce reasonable values? Based on a 1.56% dividend yield at the August 25 closing high in the Dow, the index was 1.85 times as overvalued as it was on the top day in 1929. In other words, at 6100, the Dow would have a yield valuation equal to that of September 1929, from which it fell 89%. At 4500, it will approach the 40-year average valuation based on dividends. At 2600, it will approach typical Cycle degree bear market dividend payout levels. These levels assume no decline in dividends, which would be an absurd assumption. Every mania holds the seeds of an economic depression because it ties the average person's finances to the bull market. When the market falls after a mania, it is not just a few fat cat investors who are affected, but everyone. Dividends will fall substantially a few years from now, and the market will price stocks accordingly.

Reprinted from *Elliott Wave Financial Forecast*  
(10/99), Robert Prechter, Ed.: P.O. Box 1618,  
Gainesville, GA 30503; 800-336-1618. 1 yr., 12 iss.,  
\$233. IDD Plan; 2 mos., \$55.

## Rate Hike Imminent

Dow 36,000... Dow 40,000... 100,000... the bullish books and prognostications are coming out of the woodwork. There are fundamental flaws in almost every one of these "new era"-type books. Over the nine-plus years of this past bull market, S&P 500 fourth-quarter earnings have grown 93%, as shown below. That same period has seen the S&P 500 Index rise by 316%. The cold, hard, historical fact is that over two-thirds of this bull market's gains have come from rising valuations (soaring P/E ratios). Books or analysts that take recent gains and project them ad infinitum into the future are ignoring this simple fact.

As of October 1, the average U.S. diversified stock fund is up just 4.4% for the year—less than half the gain held at midyear. Over 62% of stocks traded on the NYSE are down year-to-



(Continued on page 26)



## Markets & Trends

(Continued from page 24)

date. And *The Wall Street Journal* reports that "even the 100 largest stocks in the S&P 500 have now fallen 20% on average from their respective 52-week highs, which historically defined a bear market." Gauged by the DJIA or S&P 500 Index, we're still only on the verge of entering a bear market. The wait might not be much longer.

*InvesTech Research* (10/8), James B. Stack, Ed.; 2472 Birch Glen, Whitefish, MT 59937; 800-955-8500. 1 year, 18 issues, \$190. IDD Plan: 1 year, \$150; 2 sample issues free.

### Chasm of Complacency

The first bear market I personally experienced was that of 1969-1970. Before bottoming at Dow 631.16 in May of 1970, the bear market meandered lower during 1969 from 943.75 to 800.36. I was a rookie broker at 74 Wall Street at the time, and throughout the year I heard the experienced brokers and analysts in the office constantly saying things like "buy the dips," "it's a better buy now," "dollar-cost average," "stocks have always been a good long-term investment," "earnings are strong" (they were), "our research department

projects the stock can double in the next two years" (even though historically Wall Street research is less efficient than throwing darts when adjusted for beta), "if it was a good buy at x, then it's even a better buy now," etc., etc., ad infinitum, and ad nauseum. Yes, bear markets sink in a chasm of complacency.

If I asked 100 investors, "Of the 250 trading days in 1969, when the Dow fell 15.2%, what percentage do you think were up, and what percentage do you think were down?" I venture to guess that the average answer would be about 30/70 down.

Yet, in actuality there were 115 advancing sessions and 135 declining sessions, a 46/54 ratio. Brokers and investors who lived through that year were hardly faced with day after day of selling. In a typical 21-trading-day month, there were 10 up days and 11 down days—a benign enough ratio to forestall any sense of worry. Yes, bear markets sink in a chasm of complacency.

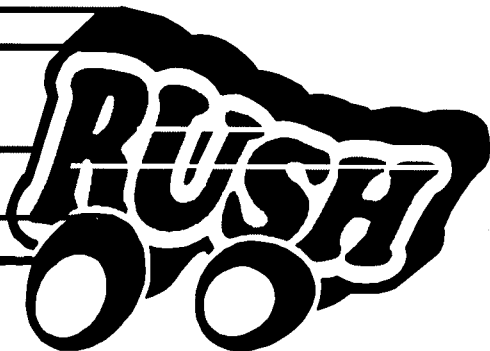
Much of the same is going on right now. Little by little, the market is losing ground. Breadth is weakening. More groups are underperforming the S&P all the time. More individual stocks are underperforming all the time.

And the complacency continues.

The same pattern existed during 1973. It was only in 1970, and then again in 1974, that panic overcame the market. That was the buying opportunity. It was only when complacency disappeared that the bear market bottomed. We're so far from that point right now that most people can't even imagine how deep that chasm is going to be.

Deep. Real deep.

*Turov on Timing* (10/4), Daniel Turov, Ed.; The Hirsch Organization, 184 Central Ave., Old Tappan, NJ 07675; 800-477-3400. 1 yr., \$195. IDD Plan: Sample iss. free.



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# 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

# Terminal Funding Annuities

presentation of complete specifications and clean data (especially on diskette or mag tape) reassures the carriers that everything is "in order" and serves as an extra inducement, not only for them to accept the case for pricing, but also to calculate the annuity premiums using their most competitive cost factors. With respect to preparing these documents, you may contract with us to (a) assist with the creation of the census data files, (b) review the Plan Document to suggest which provisions should be included, and (c) negotiate the level of assistance provided by the insurance company to bring about a timely distribution of benefit payments, annuity certificates, and so forth.

## MANAGING THE COMPETITIVE BIDDING PROCESS

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

price plan provisions on an overly conservative basis. We also keep you informed of the insurers' responses throughout the initial bidding period.

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

## ANNUITY PURCHASE / WIRE TRANSFER / DECISION DAY

On the day the final quotes are due, we may move to the offices of the decision maker to coordinate the final bidding process. The insurance companies are instructed to submit their bids before noon of that day. The quotations are matched to the previously agreed control numbers. When all the initial bids have been received, the runner-up insurers are invited to revise their quotes downward to the lowest possible figure. Soon after, the plan sponsor is in a position to accept the most favorable bid. We assist in preparing the letter of commitment which indicates the 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

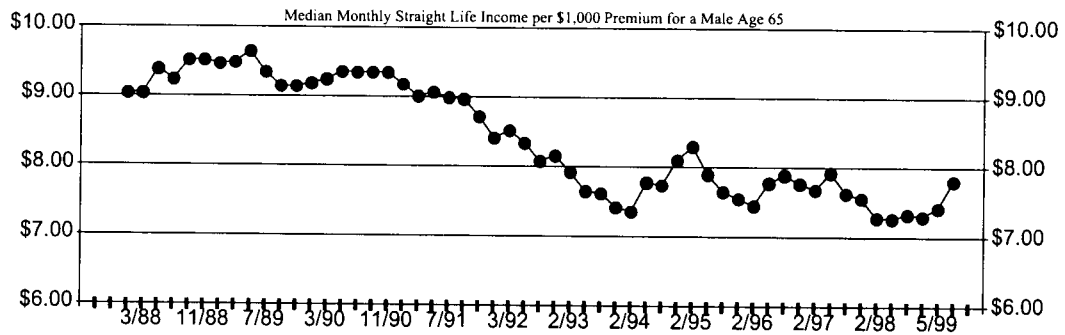
In virtually all groups that involve a substantial number of participants, minor corrections to the census and/or benefit amounts may occur after an agreement to purchase the annuities has been reached. These changes are audited to assure that all attendant premium adjustments are priced on the same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

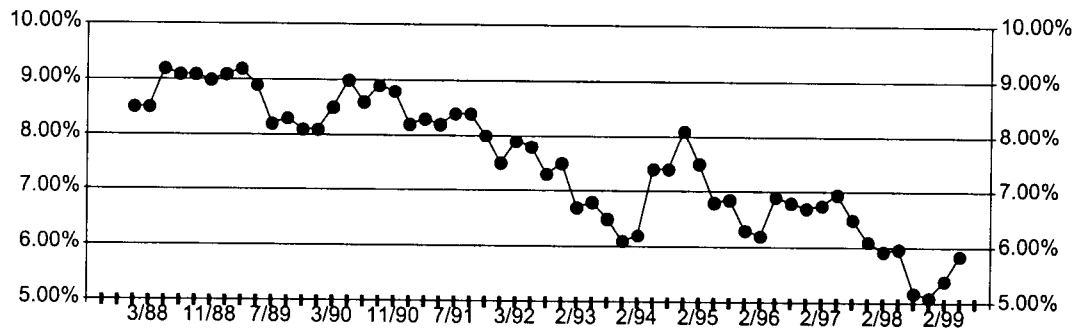
USA's combination of specialized marketing expertise and annuity-tracking database makes us your best source for group annuity products. Simply mail or fax (732-521-5113) the plan specifications and census data and we'll prepare documents for quoting by the carriers. We can provide this service on either 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

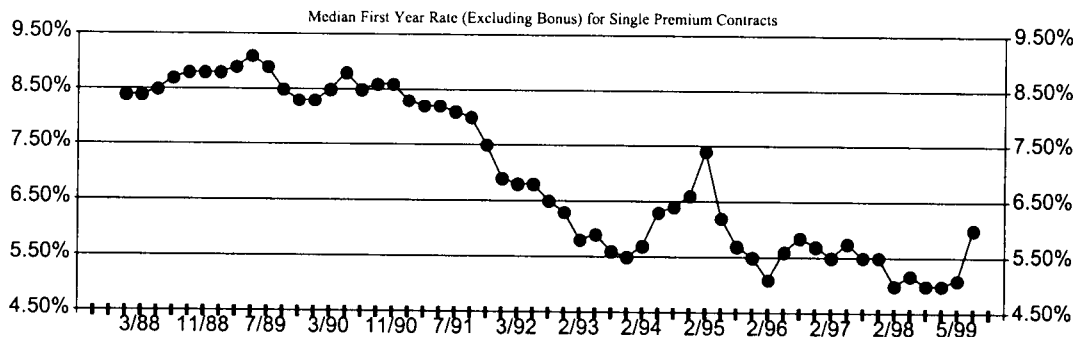
## Immediate "Life Only" Annuities



## 30 Year Treasury Bonds



## Deferred Annuities



# 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 increases 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 retirement plans,

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

**T**he 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 (ie., 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<br>(NAIC ID Number) | 5<br>Years PC | 10<br>Years PC | 15<br>Years PC | 20<br>Years PC | 25<br>Years PC | 30<br>Years PC |
|---|---------------|----------------|----------------|----------------|----------------|----------------|
| AIG Life Ins. Co. 66842                 | \$18.62       | -              | -              | -              | -              | -              |
| American Heritage 60534                 | \$19.14       | \$10.90        | \$ 8.22        | \$ 6.93        | \$ 6.20        | \$ 5.74        |
| Canada Life Assurance 80659             | \$18.66       | \$10.72        | \$ 8.52        | \$ 7.38        | \$ 6.72        | -              |
| Conseco Annuity Assurance 60682         | \$17.75       | \$10.10        | \$ 7.58        | \$ 6.38        | -              | -              |
| Delta Life & Annuity 65145              | \$18.03       | \$10.20        | \$ 7.60        | \$ 6.35        | -              | -              |
| Jackson National LIC 65056              | \$18.44       | \$10.87        | \$ 8.44        | \$ 7.34        | \$ 6.76        | \$ 6.44        |
| Jefferson Pilot LIC 67865               | \$18.63       | \$10.87        | \$ 8.38        | -              | -              | -              |
| Keyport Life 65234                      | \$18.31       | \$10.58        | \$ 8.10        | \$ 6.94        | \$ 6.31        | \$ 5.94        |
| Life IC of the Southwest 65528          | \$18.57       | \$10.90        | \$ 8.35        | \$ 7.07        | \$ 6.35        | -              |
| Lincoln Benefit Life Co. 65595          | \$18.04       | \$11.03        | \$ 8.52        | \$ 7.36        | \$ 6.71        | \$ 6.32        |



**Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**


|                                  |          |         |         |         |         |         |
|----------------------------------|----------|---------|---------|---------|---------|---------|
| London Pacific 68934             | \$18.69  | \$10.76 | \$ 8.38 | \$ 7.31 | \$ 6.65 | \$ 6.23 |
| Peoples Benefit LIC 66605        | \$18.55  | \$10.85 | \$ 8.39 | \$ 7.29 | \$ 6.60 | \$ 6.17 |
| Presidential LIC 68039           | \$18.69  | \$10.21 | \$ 8.55 | \$ 7.56 | \$ 7.01 | \$ 6.62 |
| Principal LIC 61271              | \$ 18.98 | \$10.93 | \$ 8.39 | \$ 7.31 | \$ 6.74 | \$ 6.41 |
| Providentmutual L&A 70750        | \$17.87  | \$10.30 | \$ 7.88 | \$ 6.79 | \$ 6.23 | \$ 5.94 |
| Security Benefit LIC 68675       | \$18.20  | \$10.31 | \$ 7.98 | \$ 6.76 | \$ 6.03 | \$ 5.63 |
| Southwestern Life 91391          | \$18.25  | \$10.12 | \$ 7.64 | \$ 6.45 | \$ 5.77 | \$ 5.34 |
| United Heritage Mutual LIC 63983 | \$18.66  | \$16.85 | \$ 8.45 | \$ 7.29 | \$ 6.57 | \$ 6.38 |
| United of Omaha 69868            | \$18.33  | \$10.70 | \$ 8.26 | \$ 7.11 | \$ 6.49 | \$ 6.12 |
| USG Annuity & Life 61247         | \$18.73  | \$10.92 | \$ 8.42 | \$ 7.23 | -       | -       |

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999



# Immediate Annuities Update

**Table 2. Single Life Annuities — Male Age 50**

| Reporting Companies<br>(NAIC ID Number)   | Non-Qualified Funds |             |             | Qualified Funds |             |             |
|---|---------------------|-------------|-------------|-----------------|-------------|-------------|
|   | Life<br>Only        | 10yr<br>C&C | 20yr<br>C&C | Life<br>Only    | 10yr<br>C&C | 20yr<br>C&C |
| AIG Life Ins. Co. 66842   | \$ 6.46             | \$ 6.37     | \$ 6.18     | \$ 6.46         | \$ 6.37     | \$ 6.18     |
| American Heritage 60534   | \$ 5.99             | \$ 5.91     | \$ 5.73     | \$ 5.99         | \$ 5.91     | \$ 5.73     |
| Canada Life Assurance 80659   | \$ 6.40             | \$ 6.33     | \$ 6.17     | \$ 6.40         | \$ 6.33     | \$ 6.17     |
| Columbia Universal 77720  | \$ 5.80             | \$ 5.76     | \$ 5.58     | \$ 5.80         | \$ 5.76     | \$ 5.58     |
| Conseco Annuity Assurance 60682   | \$ 5.31             | \$ 5.25     | \$ 5.08     | \$ 5.31         | \$ 5.25     | \$ 5.08     |
| Delta Life & Annuity 65145  | \$ 5.38             | \$ 5.31     | \$ 5.14     | \$ 5.21         | \$ 5.16     | \$ 5.03     |
| Jackson National LIC 65056  | \$ 6.43             | \$ 6.37     | \$ 6.23     | \$ 6.29         | \$ 6.25     | \$ 6.15     |
| Jefferson Pilot LIC 67865   | \$ 6.52             | \$ 6.45     | \$ 6.24     | \$ 6.52         | \$ 6.45     | \$ 6.24     |
| Keyport Life 65234  | \$ 6.19             | \$ 6.12     | \$ 5.95     | \$ 6.03         | \$ 5.98     | \$ 5.85     |
| Life IC of the Southwest 65528  | \$ 6.63             | \$ 6.56     | \$ 6.37     | \$ 6.48         | \$ 6.43     | \$ 6.28     |
| Lincoln Benefit Life Co. 65595  | \$ 6.38             | \$ 6.32     | \$ 6.18     | \$ 6.38         | \$ 6.32     | \$ 6.18     |
| London Pacific Life & Annuity 68934   | \$ 6.52             | \$ 6.38     | \$ 6.18     | \$ 6.52         | \$ 6.38     | \$ 6.18     |
|  <b>Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.</b> |                     |             |             |                 |             |             |
| National Guardian LIC 66583   | \$ 5.77             | \$ 5.71     | \$ 5.57     | \$ 5.77         | \$ 5.71     | \$ 5.57     |
| Peoples Benefit LIC 66605   | \$ 6.26             | \$ 6.20     | \$ 6.05     | \$ 6.26         | \$ 6.20     | \$ 6.05     |
| Presidential LIC 68039  | \$ 6.75             | \$ 6.68     | \$ 6.53     | \$ 6.75         | \$ 6.68     | \$ 6.53     |
| Principal LIC 61271   | \$ 6.56             | \$ 6.48     | \$ 6.32     | \$ 6.58         | \$ 6.50     | \$ 6.34     |
| Providentmutual L&A 70750   | \$ 5.98             | \$ 5.89     | \$ 5.59     | \$ 5.98         | \$ 5.89     | \$ 5.59     |
| Security Benefit LIC 68675  | \$ 5.55             | \$ 5.51     | \$ 5.40     | \$ 5.55         | \$ 5.51     | \$ 5.40     |
| Security Mutual/NY 68772  | \$ 5.55             | \$ 5.45     | \$ 5.22     | \$ 5.71         | \$ 5.61     | \$ 5.34     |
| Southwestern Life 91391   | \$ 5.33             | \$ 5.28     | \$ 5.16     | -               | -           | -           |
| United Heritage Mutual LIC 63983  | \$ 6.46             | \$ 6.42     | \$ 6.31     | \$ 6.46         | \$ 6.42     | \$ 6.31     |
| United of Omaha 69868   | \$ 6.23             | \$ 6.16     | \$ 6.01     | \$ 6.23         | \$ 6.16     | \$ 6.01     |
| USG Annuity & Life 61247  | \$ 6.37             | \$ 6.28     | \$ 6.06     | \$ 6.37         | \$ 6.28     | \$ 6.06     |
| Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999   |                     |             |             |                 |             |             |

# Immediate Annuities Update

**Table 3. Single Life Annuities — Female Age 50**

| Reporting Companies<br>(NAIC ID Number) | Non-Qualified Funds |             |             | Qualified Funds |             |             |
|---|---------------------|-------------|-------------|-----------------|-------------|-------------|
|   | Life<br>Only        | 10yr<br>C&C | 20yr<br>C&C | Life<br>Only    | 10yr<br>C&C | 20yr<br>C&C |
| AIG Life Ins. Co. 66842                 | \$ 6.11             | \$ 6.07     | \$ 5.97     | \$ 6.11         | \$ 6.07     | \$ 5.97     |
| American Heritage 60534                 | \$ 5.63             | \$ 5.59     | \$ 5.51     | \$ 5.63         | \$ 5.59     | \$ 5.51     |
| Canada Life Assurance 80659             | \$ 6.05             | \$ 6.01     | \$ 5.94     | \$ 6.05         | \$ 6.01     | \$ 5.94     |
| Columbia Universal 77720                | \$ 5.46             | \$ 5.43     | \$ 5.35     | \$ 5.46         | \$ 5.43     | \$ 5.35     |
| Conseco Annuity Assurance 60682         | \$ 4.95             | \$ 4.92     | \$ 4.84     | \$ 4.95         | \$ 4.92     | \$ 4.84     |
| Delta Life & Annuity 65145              | \$ 5.03             | \$ 5.00     | \$ 4.91     | \$ 5.21         | \$ 5.16     | \$ 5.03     |
| Jackson National LIC 65056              | \$ 6.20             | \$ 6.17     | \$ 6.09     | \$ 6.29         | \$ 6.25     | \$ 6.15     |
| Jefferson Pilot LIC 67865               | \$ 6.24             | \$ 6.21     | \$ 6.11     | \$ 6.24         | \$ 6.21     | \$ 6.11     |
| Keyport Life 65234                      | \$ 5.86             | \$ 5.83     | \$ 5.75     | \$ 6.03         | \$ 5.98     | \$ 5.85     |
| Life IC of the Southwest 65528          | \$ 6.33             | \$ 6.30     | \$ 6.19     | \$ 6.48         | \$ 6.43     | \$ 6.28     |
| Lincoln Benefit Life Co. 65595          | \$ 6.19             | \$ 6.16     | \$ 6.08     | \$ 6.19         | \$ 6.16     | \$ 6.08     |
| London Pacific 68934                    | \$ 6.27             | \$ 6.17     | \$ 6.03     | \$ 6.27         | \$ 6.17     | \$ 6.03     |



**Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**

|                                  |         |         |         |         |         |         |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| National Guardian LIC 66583      | \$ 5.52 | \$ 5.49 | \$ 5.41 | \$ 5.52 | \$ 5.49 | \$ 5.41 |
| Peoples Benefit LIC 66605        | \$ 6.00 | \$ 5.97 | \$ 5.92 | \$ 6.00 | \$ 5.97 | \$ 5.92 |
| Presidential LIC 68039           | \$ 6.48 | \$ 6.45 | \$ 6.37 | \$ 6.48 | \$ 6.45 | \$ 6.37 |
| Principal LIC 61271              | \$ 6.23 | \$ 6.20 | \$ 6.12 | \$ 6.25 | \$ 6.22 | \$ 6.14 |
| Providentmutual L&A 70750        | \$ 5.59 | \$ 5.54 | \$ 5.41 | \$ 5.59 | \$ 5.54 | \$ 5.41 |
| Security Benefit LIC 68675       | \$ 5.27 | \$ 5.25 | \$ 5.20 | \$ 5.27 | \$ 5.25 | \$ 5.20 |
| Security Mutual/NY 68772         | \$ 5.14 | \$ 5.10 | \$ 4.99 | \$ 5.16 | \$ 5.13 | \$ 5.03 |
| Southwestern Life 91391          | \$ 5.03 | \$ 5.01 | \$ 4.95 | -       | -       | -       |
| United Heritage Mutual LIC 63983 | \$ 6.19 | \$ 6.19 | \$ 6.15 | \$ 6.19 | \$ 6.19 | \$ 6.15 |
| United of Omaha 69868            | \$ 5.98 | \$ 5.95 | \$ 5.86 | \$ 5.98 | \$ 5.95 | \$ 5.86 |
| USG Annuity & Life 61247         | \$ 5.98 | \$ 5.94 | \$ 5.83 | \$ 5.98 | \$ 5.94 | \$ 5.83 |

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999

# Immediate Annuities Update

**Table 4. Single Life Annuities — Male Age 55**

| Reporting Companies<br>(NAIC ID Number) | Non-Qualified Funds |             |             | Qualified Funds |             |             |
|---|---------------------|-------------|-------------|-----------------|-------------|-------------|
|   | Life<br>Only        | 10yr<br>C&C | 20yr<br>C&C | Life<br>Only    | 10yr<br>C&C | 20yr<br>C&C |
| AIG Life Ins. Co. 66842                 | \$ 6.85             | \$ 6.71     | \$ 6.40     | \$ 6.85         | \$ 6.71     | \$ 6.40     |
| American Heritage 60534                 | \$ 6.40             | \$ 6.28     | \$ 5.98     | \$ 6.40         | \$ 6.28     | \$ 5.98     |
| Canada Life Assurance 80659             | \$ 6.81             | \$ 6.69     | \$ 6.43     | \$ 6.81         | \$ 6.69     | \$ 6.43     |
| Columbia Universal 77720                | \$ 6.24             | \$ 6.13     | \$ 5.84     | \$ 6.24         | \$ 6.13     | \$ 5.84     |
| Conseco Annuity Assurance 60682         | \$ 5.74             | \$ 5.63     | \$ 5.36     | \$ 5.74         | \$ 5.63     | \$ 5.36     |
| Jackson National LIC 65056              | \$ 6.75             | \$ 6.65     | \$ 6.43     | \$ 6.57         | \$ 6.50     | \$ 6.34     |
| Jefferson Pilot LIC 67865               | \$ 6.82             | \$ 6.71     | \$ 6.39     | \$ 6.82         | \$ 6.71     | \$ 6.39     |
| Keyport Life 65234                      | \$ 6.56             | \$ 6.45     | \$ 6.17     | \$ 6.36         | \$ 6.28     | \$ 6.06     |
| Life IC of the Southwest 65528          | \$ 6.98             | \$ 6.87     | \$ 6.58     | \$ 6.78         | \$ 6.70     | \$ 6.47     |
| Lincoln Benefit Life Co. 65595          | \$ 6.73             | \$ 6.62     | \$ 6.40     | \$ 6.73         | \$ 6.62     | \$ 6.40     |
| London Pacific 68934                    | \$ 6.85             | \$ 6.67     | \$ 6.38     | \$ 6.85         | \$ 6.67     | \$ 6.38     |



**Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**

|                                  |         |         |         |         |         |         |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| National Guardian LIC 66583      | \$ 6.12 | \$ 6.03 | \$ 5.79 | \$ 6.12 | \$ 6.03 | \$ 5.79 |
| Peoples Benefit LIC 66605        | \$ 6.60 | \$ 6.50 | \$ 6.27 | \$ 6.60 | \$ 6.50 | \$ 6.27 |
| Presidential LIC 68039           | \$ 7.11 | \$ 6.99 | \$ 6.75 | \$ 7.11 | \$ 6.99 | \$ 6.75 |
| Principal LIC 61271              | \$ 6.88 | \$ 6.75 | \$ 6.50 | \$ 6.90 | \$ 6.77 | \$ 6.52 |
| Providentmutual L&A 70750        | \$ 6.44 | \$ 6.26 | \$ 5.76 | \$ 6.44 | \$ 6.26 | \$ 5.76 |
| Security Benefit LIC 68675       | \$ 5.87 | \$ 5.80 | \$ 5.62 | \$ 5.87 | \$ 5.80 | \$ 5.62 |
| Security Mutual/NY 68772         | \$ 5.99 | \$ 5.83 | \$ 5.45 | \$ 6.24 | \$ 6.06 | \$ 5.60 |
| Southwestern Life 91391          | \$ 5.67 | \$ 5.59 | \$ 5.38 | -       | -       | -       |
| United Heritage Mutual LIC 63983 | \$ 6.81 | \$ 6.74 | \$ 6.53 | \$ 6.81 | \$ 6.74 | \$ 6.53 |
| United of Omaha 69868            | \$ 6.57 | \$ 6.46 | \$ 6.21 | \$ 6.57 | \$ 6.46 | \$ 6.21 |
| USG Annuity & Life 61247         | \$ 6.82 | \$ 6.66 | \$ 6.29 | \$ 6.82 | \$ 6.66 | \$ 6.29 |

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999

# Immediate Annuities Update

**Table 5. Single Life Annuities — Female Age 55**

| Reporting Companies<br>(NAIC ID Number) | Non-Qualified Funds |             |             | Qualified Funds |             |             |
|---|---------------------|-------------|-------------|-----------------|-------------|-------------|
|   | Life<br>Only        | 10yr<br>C&C | 20yr<br>C&C | Life<br>Only    | 10yr<br>C&C | 20yr<br>C&C |
| AIG Life Ins. Co. 66842                 | \$ 6.41             | \$ 6.34     | \$ 6.19     | \$ 6.41         | \$ 6.34     | \$ 6.19     |
| American Heritage 60534                 | \$ 5.95             | \$ 5.89     | \$ 5.74     | \$ 5.95         | \$ 5.89     | \$ 5.74     |
| Canada Life Assurance 80659             | \$ 6.36             | \$ 6.31     | \$ 6.18     | \$ 6.36         | \$ 6.31     | \$ 6.18     |
| Columbia Universal 77720                | \$ 5.79             | \$ 5.73     | \$ 5.59     | \$ 5.79         | \$ 5.73     | \$ 5.59     |
| Conseco Annuity Assurance 60682         | \$ 5.28             | \$ 5.23     | \$ 5.10     | \$ 5.28         | \$ 5.23     | \$ 5.10     |
| Jackson National LIC 65056              | \$ 6.45             | \$ 6.41     | \$ 6.28     | \$ 6.57         | \$ 6.50     | \$ 6.34     |
| Jefferson Pilot LIC 67865               | \$ 6.44             | \$ 6.39     | \$ 6.22     | \$ 6.44         | \$ 6.39     | \$ 6.22     |
| Keyport Life 65234                      | \$ 6.15             | \$ 6.10     | \$ 5.95     | \$ 6.36         | \$ 6.28     | \$ 6.06     |
| Life IC of the Southwest 65528          | \$ 6.33             | \$ 6.30     | \$ 6.19     | \$ 6.78         | \$ 6.70     | \$ 6.47     |
| Lincoln Benefit Life Co. 65595          | \$ 6.48             | \$ 6.42     | \$ 6.27     | \$ 6.48         | \$ 6.42     | \$ 6.27     |
| London Pacific 68934                    | \$ 6.52             | \$ 6.40     | \$ 6.21     | \$ 6.52         | \$ 6.40     | \$ 6.21     |



**Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**

|                                  |         |         |         |         |         |         |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| National Guardian LIC 66583      | \$ 5.80 | \$ 5.75 | \$ 5.62 | \$ 5.80 | \$ 5.75 | \$ 5.62 |
| Peoples Benefit LIC 66605        | \$ 6.27 | \$ 6.22 | \$ 6.12 | \$ 6.27 | \$ 6.22 | \$ 6.12 |
| Presidential LIC 68039           | \$ 6.78 | \$ 6.72 | \$ 6.65 | \$ 6.78 | \$ 6.72 | \$ 6.65 |
| Principal LIC 61271              | \$ 6.44 | \$ 6.39 | \$ 6.27 | \$ 6.46 | \$ 6.40 | \$ 6.28 |
| Providentmutual L&A 70750        | \$ 5.98 | \$ 5.88 | \$ 5.59 | \$ 5.98 | \$ 5.88 | \$ 5.59 |
| Security Benefit LIC 68675       | \$ 5.51 | \$ 5.47 | \$ 5.39 | \$ 5.51 | \$ 5.47 | \$ 5.39 |
| Security Mutual/NY 68772         | \$ 5.49 | \$ 5.42 | \$ 5.23 | \$ 5.53 | \$ 5.47 | \$ 5.28 |
| Southwestern Life 91391          | \$ 5.28 | \$ 5.24 | \$ 5.14 | -       | -       | -       |
| United Heritage Mutual LIC 63983 | \$ 6.47 | \$ 6.44 | \$ 6.34 | \$ 6.47 | \$ 6.44 | \$ 6.34 |
| United of Omaha 69868            | \$ 6.25 | \$ 6.19 | \$ 6.05 | \$ 6.25 | \$ 6.19 | \$ 6.05 |
| USG Annuity & Life 61247         | \$ 6.31 | \$ 6.23 | \$ 6.04 | \$ 6.31 | \$ 6.23 | \$ 6.04 |

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999

# Immediate Annuities Update

**Table 6. Single Life Annuities — Male Age 60**

| Reporting Companies<br>(NAIC ID Number) | Non-Qualified Funds |             |             | Qualified Funds |             |             |
|---|---------------------|-------------|-------------|-----------------|-------------|-------------|
|   | Life<br>Only        | 10yr<br>C&C | 20yr<br>C&C | Life<br>Only    | 10yr<br>C&C | 20yr<br>C&C |
| AIG Life Ins. Co. 66842                 | \$ 7.40             | \$ 7.17     | \$ 6.65     | \$ 7.40         | \$ 7.17     | \$ 6.65     |
| American Heritage 60534                 | \$ 6.97             | \$ 6.76     | \$ 6.26     | \$ 6.97         | \$ 6.76     | \$ 6.26     |
| Canada Life Assurance 80659             | \$ 7.35             | \$ 7.16     | \$ 6.71     | \$ 7.35         | \$ 7.16     | \$ 6.71     |
| Columbia Universal 77720                | \$ 6.81             | \$ 6.61     | \$ 6.11     | \$ 6.81         | \$ 6.61     | \$ 6.11     |
| Conseco Annuity Assurance 60682         | \$ 6.32             | \$ 6.14     | \$ 5.65     | \$ 6.32         | \$ 6.14     | \$ 5.65     |
| Delta Life & Annuity 65145              | \$ 6.36             | \$ 6.16     | \$ 5.66     | \$ 6.07         | \$ 5.93     | \$ 5.55     |
| Jackson National LIC 65056              | \$ 7.21             | \$ 7.04     | \$ 6.65     | \$ 6.97         | \$ 6.85     | \$ 6.56     |
| Jefferson Pilot LIC 67865               | \$ 7.25             | \$ 7.07     | \$ 6.52     | \$ 7.25         | \$ 7.07     | \$ 6.52     |
| Keyport Life 65234                      | \$ 7.07             | \$ 6.89     | \$ 6.40     | \$ 6.81         | \$ 6.68     | \$ 6.31     |
| Life IC of the Southwest 65528          | \$ 7.45             | \$ 7.26     | \$ 6.80     | \$ 7.18         | \$ 7.05     | \$ 6.69     |
| Lincoln Benefit Life Co. 65595          | \$ 7.21             | \$ 7.03     | \$ 6.65     | \$ 7.21         | \$ 7.03     | \$ 6.65     |
| London Pacific 68934                    | \$ 7.31             | \$ 7.06     | \$ 6.60     | \$ 7.31         | \$ 7.06     | \$ 6.60     |



**Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**

|                                  |         |         |         |         |         |         |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| National Guardian LIC 66583      | \$ 6.61 | \$ 6.45 | \$ 6.04 | \$ 6.61 | \$ 6.45 | \$ 6.04 |
| Peoples Benefit LIC 66605        | \$ 7.09 | \$ 6.91 | \$ 6.52 | \$ 7.09 | \$ 6.91 | \$ 6.52 |
| Presidential LIC 68039           | \$ 7.59 | \$ 7.39 | \$ 6.99 | \$ 7.59 | \$ 7.39 | \$ 6.99 |
| Principal LIC 61271              | \$ 7.28 | \$ 7.07 | \$ 6.66 | \$ 7.30 | \$ 7.09 | \$ 6.68 |
| Providentmutual L&A 70750        | \$ 6.98 | \$ 6.64 | \$ 5.98 | \$ 6.98 | \$ 6.64 | \$ 5.98 |
| Security Benefit LIC 68675       | \$ 6.32 | \$ 6.19 | \$ 5.87 | \$ 6.32 | \$ 6.19 | \$ 5.87 |
| Security Mutual/NY 68772         | \$ 6.57 | \$ 6.29 | \$ 5.70 | \$ 6.99 | \$ 6.63 | \$ 5.84 |
| Southwestern Life 91391          | \$ 6.15 | \$ 6.00 | \$ 5.64 | -       | -       | -       |
| United Heritage Mutual LIC 63983 | \$ 7.14 | \$ 7.03 | \$ 6.69 | \$ 7.14 | \$ 7.03 | \$ 6.69 |
| United of Omaha LIC 69869        | \$ 7.03 | \$ 6.85 | \$ 6.43 | \$ 7.03 | \$ 6.85 | \$ 6.43 |
| USG Annuity & Life 61247         | \$ 7.44 | \$ 7.16 | \$ 6.52 | \$ 7.44 | \$ 7.16 | \$ 6.52 |

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999

# Immediate Annuities Update

**Table 7. Single Life Annuities — Female Age 60**

| Reporting Companies<br>(NAIC ID Number) | Non-Qualified Funds |             |             | Qualified Funds |             |             |
|---|---------------------|-------------|-------------|-----------------|-------------|-------------|
|   | Life<br>Only        | 10yr<br>C&C | 20yr<br>C&C | Life<br>Only    | 10yr<br>C&C | 20yr<br>C&C |
| AIG Life Ins. Co. 66842                 | \$ 6.83             | \$ 6.71     | \$ 6.44     | \$ 6.83         | \$ 6.71     | \$ 6.44     |
| American Heritage 60534                 | \$ 6.39             | \$ 6.29     | \$ 6.02     | \$ 6.39         | \$ 6.29     | \$ 6.02     |
| Canada Life Assurance 80659             | \$ 6.79             | \$ 6.69     | \$ 6.46     | \$ 6.79         | \$ 6.69     | \$ 6.46     |
| Columbia Universal 77720                | \$ 6.23             | \$ 6.14     | \$ 5.87     | \$ 6.23         | \$ 6.14     | \$ 5.87     |
| Conseco Annuity Assurance 60682         | \$ 5.73             | \$ 5.65     | \$ 5.40     | \$ 5.73         | \$ 5.65     | \$ 5.40     |
| Delta Life & Annuity 65145              | \$ 5.78             | \$ 5.68     | \$ 5.42     | \$ 6.07         | \$ 5.93     | \$ 5.55     |
| Jackson National LIC 65056              | \$ 6.82             | \$ 6.73     | \$ 6.49     | \$ 6.97         | \$ 6.85     | \$ 6.56     |
| Jefferson Pilot LIC 67865               | \$ 6.74             | \$ 6.65     | \$ 6.35     | \$ 6.74         | \$ 6.65     | \$ 6.35     |
| Keyport Life 65234                      | \$ 6.55             | \$ 6.45     | \$ 6.19     | \$ 6.81         | \$ 6.68     | \$ 6.31     |
| Life IC of the Southwest 65528          | \$ 6.94             | \$ 6.85     | \$ 6.59     | \$ 7.18         | \$ 7.05     | \$ 6.69     |
| Lincoln Benefit Life Co. 65595          | \$ 6.87             | \$ 6.76     | \$ 6.50     | \$ 6.87         | \$ 6.76     | \$ 6.50     |
| London Pacific 68934                    | \$ 6.89             | \$ 6.72     | \$ 6.43     | \$ 6.89         | \$ 6.72     | \$ 6.43     |



**Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**

|                                  |         |         |         |         |         |         |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| National Guardian LIC 66583      | \$ 5.80 | \$ 6.11 | \$ 5.87 | \$ 5.80 | \$ 6.11 | \$ 5.87 |
| Peoples Benefit LIC 66605        | \$ 6.64 | \$ 6.55 | \$ 6.35 | \$ 6.64 | \$ 6.55 | \$ 6.35 |
| Presidential LIC 68039           | \$ 7.18 | \$ 7.06 | \$ 6.82 | \$ 7.18 | \$ 7.06 | \$ 6.82 |
| Principal LIC 61271              | \$ 6.71 | \$ 6.61 | \$ 6.41 | \$ 6.73 | \$ 6.63 | \$ 6.43 |
| Providentmutual L&A 70750        | \$ 6.44 | \$ 6.26 | \$ 5.76 | \$ 6.44 | \$ 6.26 | \$ 5.76 |
| Security Benefit LIC 68675       | \$ 5.84 | \$ 5.78 | \$ 5.63 | \$ 5.84 | \$ 5.78 | \$ 5.63 |
| Security Mutual/NY 68772         | \$ 5.96 | \$ 5.83 | \$ 5.51 | \$ 6.05 | \$ 5.93 | \$ 5.57 |
| Southwestern Life 91391          | \$ 5.63 | \$ 5.56 | \$ 5.39 | -       | -       | -       |
| United Heritage Mutual LIC 63983 | \$ 6.68 | \$ 6.65 | \$ 6.49 | \$ 6.68 | \$ 6.65 | \$ 6.49 |
| United of Omaha LIC 69868        | \$ 6.63 | \$ 6.53 | \$ 6.27 | \$ 6.63 | \$ 6.53 | \$ 6.27 |
| USG Annuity & Life 61247         | \$ 6.76 | \$ 6.63 | \$ 6.28 | \$ 6.76 | \$ 6.63 | \$ 6.28 |

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999

# Immediate Annuities Update

**Table 8. Single Life Annuities — Male Age 65**

| Reporting Companies<br>(NAIC ID Number) | Non-Qualified Funds |             |             | Qualified Funds |             |             |
|---|---------------------|-------------|-------------|-----------------|-------------|-------------|
|   | Life<br>Only        | 10yr<br>C&C | 20yr<br>C&C | Life<br>Only    | 10yr<br>C&C | 20yr<br>C&C |
| AIG Life Ins. Co. 66842                 | \$ 8.19             | \$ 7.75     | \$ 6.88     | \$ 8.19         | \$ 7.75     | \$ 6.88     |
| American Heritage 60534                 | \$ 7.79             | \$ 7.39     | \$ 6.52     | \$ 7.79         | \$ 7.39     | \$ 6.52     |
| Canada Life Assurance 80659             | \$ 8.13             | \$ 7.75     | \$ 6.97     | \$ 8.13         | \$ 7.75     | \$ 6.97     |
| Columbia Universal 77720                | \$ 7.63             | \$ 7.24     | \$ 6.38     | \$ 7.63         | \$ 7.24     | \$ 6.38     |
| Conseco Annuity Assurance 60682         | \$ 7.03             | \$ 6.70     | \$ 5.90     | \$ 7.03         | \$ 6.70     | \$ 5.90     |
| Jackson National LIC 65056              | \$ 7.86             | \$ 7.54     | \$ 6.88     | \$ 7.55         | \$ 7.33     | \$ 6.81     |
| Jefferson Pilot LIC 67865               | \$ 7.92             | \$ 7.57     | \$ 6.66     | \$ 7.92         | \$ 7.57     | \$ 6.66     |
| Keyport Life 65234                      | \$ 7.81             | \$ 7.45     | \$ 6.64     | \$ 7.46         | \$ 7.19     | \$ 6.55     |
| Life IC of the Southwest 65528          | \$ 8.14             | \$ 7.79     | \$ 7.02     | \$ 7.77         | \$ 7.52     | \$ 6.93     |
| Lincoln Benefit Life Co. 65595          | \$ 7.92             | \$ 7.58     | \$ 6.91     | \$ 7.92         | \$ 7.58     | \$ 6.91     |
| London Pacific 68934                    | \$ 8.01             | \$ 7.59     | \$ 6.84     | \$ 8.01         | \$ 7.59     | \$ 6.84     |



**Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**

|                                  |         |         |         |         |         |         |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| National Guardian LIC 66583      | \$ 7.31 | \$ 7.00 | \$ 6.29 | \$ 7.31 | \$ 7.00 | \$ 6.29 |
| Peoples Benefit LIC 66605        | \$ 7.80 | \$ 7.46 | \$ 6.78 | \$ 7.80 | \$ 7.46 | \$ 6.78 |
| Presidential LIC 68039           | \$ 8.28 | \$ 7.89 | \$ 7.22 | \$ 8.28 | \$ 7.89 | \$ 7.22 |
| Principal LIC 61271              | \$ 7.87 | \$ 7.52 | \$ 6.85 | \$ 7.90 | \$ 7.54 | \$ 6.87 |
| Providentmutual L&A 70750        | \$ 7.71 | \$ 7.16 | \$ 6.25 | \$ 7.71 | \$ 7.16 | \$ 6.25 |
| Security Benefit LIC 68675       | \$ 6.96 | \$ 6.71 | \$ 6.14 | \$ 6.96 | \$ 6.71 | \$ 6.14 |
| Security Mutual/NY 68772         | \$ 7.37 | \$ 6.88 | \$ 5.93 | \$ 8.04 | \$ 7.31 | \$ 6.03 |
| Southwestern Life 91391          | \$ 6.84 | \$ 6.55 | \$ 5.91 | -       | -       | -       |
| United Heritage Mutual LIC 63983 | \$ 7.89 | \$ 7.61 | \$ 6.96 | \$ 7.89 | \$ 7.61 | \$ 6.96 |
| United of Omaha LIC 69869        | \$ 7.73 | \$ 7.38 | \$ 6.65 | \$ 7.73 | \$ 7.38 | \$ 6.65 |
| USG Annuity & Life 61247         | \$ 8.33 | \$ 7.76 | \$ 6.72 | \$ 8.33 | \$ 7.76 | \$ 6.72 |

Figures represent monthly income per \$1,000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999

# Immediate Annuities Update

**Table 9. Single Life Annuities — Female Age 65**

| Reporting Companies             | Non-Qualified Funds |         |         | Qualified Funds |         |         |
|---------------------------------|---------------------|---------|---------|-----------------|---------|---------|
|                                 | Life                | 10yr    | 20yr    | Life            | 10yr    | 20yr    |
| AIG Life Ins. Co. 66842         | \$ 7.44             | \$ 7.22 | \$ 6.71 | \$ 7.44         | \$ 7.22 | \$ 6.71 |
| American Heritage 60534         | \$ 7.01             | \$ 6.82 | \$ 6.32 | \$ 7.01         | \$ 6.82 | \$ 6.32 |
| Canada Life Assurance 80659     | \$ 7.38             | \$ 7.20 | \$ 6.76 | \$ 7.38         | \$ 7.20 | \$ 6.76 |
| Columbia Universal 77720        | \$ 6.85             | \$ 6.67 | \$ 6.18 | \$ 6.85         | \$ 6.67 | \$ 6.18 |
| Conseco Annuity Assurance 60682 | \$ 6.30             | \$ 6.14 | \$ 5.69 | \$ 6.30         | \$ 6.14 | \$ 5.69 |
| Jackson National LIC 65056      | \$ 7.35             | \$ 7.17 | \$ 6.75 | \$ 7.55         | \$ 7.33 | \$ 6.81 |
| Jefferson Pilot LIC 67865       | \$ 7.20             | \$ 7.05 | \$ 6.52 | \$ 7.20         | \$ 7.05 | \$ 6.52 |
| Keyport Life 65234              | \$ 7.10             | \$ 6.93 | \$ 6.46 | \$ 7.46         | \$ 7.19 | \$ 6.55 |
| Life IC of the Southwest 65528  | \$ 7.09             | \$ 6.92 | \$ 6.49 | \$ 7.77         | \$ 7.52 | \$ 6.93 |
| Lincoln Benefit Life Co. 65595  | \$ 7.42             | \$ 7.21 | \$ 6.77 | \$ 7.42         | \$ 7.21 | \$ 6.77 |
| London Pacific 68934            | \$ 7.45             | \$ 7.17 | \$ 6.69 | \$ 7.45         | \$ 7.17 | \$ 6.69 |



**Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**

|                                  |         |         |         |         |         |         |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| National Guardian LIC 66583      | \$ 6.76 | \$ 6.59 | \$ 6.15 | \$ 6.76 | \$ 6.59 | \$ 6.15 |
| Peoples Benefit LIC 66605        | \$ 7.18 | \$ 7.01 | \$ 6.61 | \$ 7.18 | \$ 7.01 | \$ 6.61 |
| Presidential LIC 68039           | \$ 7.72 | \$ 7.50 | \$ 7.07 | \$ 7.72 | \$ 7.50 | \$ 7.07 |
| Principal LIC 61271              | \$ 7.10 | \$ 6.95 | \$ 6.60 | \$ 7.12 | \$ 6.97 | \$ 6.62 |
| Providentmutual L&A 70750        | \$ 6.98 | \$ 6.64 | \$ 5.98 | \$ 6.98 | \$ 6.64 | \$ 5.98 |
| Security Benefit LIC 68675       | \$ 6.31 | \$ 6.20 | \$ 5.91 | \$ 6.31 | \$ 6.20 | \$ 5.91 |
| Security Mutual/NY 68772         | \$ 6.60 | \$ 6.38 | \$ 5.80 | \$ 6.80 | \$ 6.54 | \$ 5.84 |
| Southwestern Life 91391          | \$ 6.14 | \$ 6.01 | \$ 5.68 | -       | -       | -       |
| United Heritage Mutual LIC 63983 | \$ 7.26 | \$ 7.14 | \$ 6.78 | \$ 7.26 | \$ 7.14 | \$ 6.78 |
| United of Omaha LIC 69868        | \$ 7.17 | \$ 6.98 | \$ 6.52 | \$ 7.17 | \$ 6.98 | \$ 6.52 |
| USG Annuity & Life 61247         | \$ 7.40 | \$ 7.14 | \$ 6.54 | \$ 7.40 | \$ 7.14 | \$ 6.54 |

Figures represent monthly income per \$1,000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999



# Immediate Annuities Update

**Table 10. Single Life Annuities — Male Age 70**

| Reporting Companies<br>(NAIC ID Number) | Non-Qualified Funds |             |             | Qualified Funds |             |                          |
|---|---------------------|-------------|-------------|-----------------|-------------|--------------------------|
|   | Life<br>Only        | 10yr<br>C&C | 20yr<br>C&C | Life<br>Only    | 10yr<br>C&C | 20yr<br>C&C <sup>1</sup> |
| AIG Life Ins. Co. 66842                 | \$ 9.33             | \$ 8.44     | \$ 7.05     | \$ 9.33         | \$ 8.44     | \$ 7.05                  |
| American Heritage 60534                 | \$ 8.95             | \$ 8.15     | \$ 6.73     | \$ 8.95         | \$ 8.15     | \$ 6.73                  |
| Canada Life Assurance 80659             | \$ 9.21             | \$ 8.45     | \$ 7.18     | \$ 9.21         | \$ 8.45     | \$ 7.18                  |
| Columbia Universal 77720                | \$ 8.79             | \$ 8.01     | \$ 6.59     | \$ 8.79         | \$ 8.01     | \$ 6.59                  |
| Conseco Annuity Assurance 60682         | \$ 7.85             | \$ 7.27     | \$ 6.08     | \$ 7.85         | \$ 7.27     | \$ 6.08                  |
| Delta Life & Annuity 65145              | \$ 8.35             | \$ 7.53     | \$ 6.12     | \$ 7.81         | \$ 7.23     | \$ 6.07                  |
| Jackson National LIC 65056              | \$ 8.75             | \$ 8.14     | \$ 7.09     | \$ 8.34         | \$ 7.89     | \$ 7.04                  |
| Jefferson Pilot LIC 67865               | \$ 8.90             | \$ 8.22     | \$ 6.79     | \$ 8.90         | \$ 8.22     | \$ 6.79                  |
| Keyport Life 65234                      | \$ 8.84             | \$ 8.14     | \$ 6.82     | \$ 8.38         | \$ 7.87     | \$ 6.77                  |
| Life IC of the Southwest 65528          | \$ 9.14             | \$ 8.43     | \$ 7.21     | \$ 8.62         | \$ 8.13     | \$ 7.15                  |
| Lincoln Benefit Life Co. 65595          | \$ 8.95             | \$ 8.28     | \$ 7.12     | \$ 8.95         | \$ 8.28     | \$ 7.12                  |
| London Pacific 68934                    | \$ 9.03             | \$ 8.24     | \$ 7.05     | \$ 9.03         | \$ 8.24     | \$ 7.05                  |



**Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**


|                                  |         |         |         |         |         |         |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| National Guardian LIC 66583      | \$ 8.32 | \$ 7.67 | \$ 6.49 | \$ 8.32 | \$ 7.67 | \$ 6.49 |
| Peoples Benefit LIC 66605        | \$ 8.78 | \$ 8.10 | \$ 6.99 | \$ 8.78 | \$ 8.10 | \$ 6.99 |
| Presidential LIC 68039           | \$ 9.25 | \$ 8.51 | \$ 7.39 | \$ 9.25 | \$ 8.51 | \$ 7.39 |
| Principal LIC 61271              | \$ 8.76 | \$ 8.09 | \$ 7.00 | \$ 8.79 | \$ 8.11 | \$ 7.02 |
| Providentmutual L&A 70750        | \$ 8.63 | \$ 7.50 | \$ 6.31 | \$ 8.63 | \$ 7.50 | \$ 6.31 |
| Security Benefit LIC 68675       | \$ 7.89 | \$ 7.37 | \$ 6.40 | \$ 7.89 | \$ 7.37 | \$ 6.40 |
| Security Mutual/NY 68772         | \$ 8.51 | \$ 7.60 | \$ 6.11 | \$ 9.50 | \$ 8.05 | \$ 6.15 |
| Southwestern Life 91391          | \$ 7.83 | \$ 7.23 | \$ 6.15 | -       | -       | -       |
| United Heritage Mutual LIC 63983 | \$ 8.79 | \$ 8.18 | \$ 7.04 | \$ 8.79 | \$ 8.18 | \$ 7.04 |
| United of Omaha LIC 69868        | \$ 8.73 | \$ 8.02 | \$ 6.83 | \$ 8.73 | \$ 8.02 | \$ 6.83 |
| USG Annuity & Life 61247         | \$ 9.54 | \$ 8.43 | \$ 6.88 | \$ 9.54 | \$ 8.43 | \$ 6.88 |

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999

<sup>1</sup>Exceeds maximum guarantee period allowed by IRS.

# Immediate Annuities Update

**Table 11. Single Life Annuities — Female Age 70**

| Reporting Companies   | Non-Qualified Funds |         |         | Qualified Funds |         |                   |
|---|---------------------|---------|---------|-----------------|---------|-------------------|
|   | Life                | 10yr    | 20yr    | Life            | 10yr    | 20yr <sup>1</sup> |
| AIG Life Ins. Co. 66842   | \$ 8.30             | \$ 7.87 | \$ 6.95 | \$ 8.30         | \$ 7.87 | \$ 6.95           |
| American Heritage 60534   | \$ 7.90             | \$ 7.52 | \$ 6.61 | \$ 7.90         | \$ 7.52 | \$ 6.61           |
| Canada Life Assurance 80659   | \$ 8.21             | \$ 7.85 | \$ 7.05 | \$ 8.21         | \$ 7.85 | \$ 7.05           |
| Columbia Universal 77720  | \$ 7.75             | \$ 7.38 | \$ 6.47 | \$ 7.75         | \$ 7.38 | \$ 6.47           |
| Conseco Annuity Assurance 60682   | \$ 6.96             | \$ 6.68 | \$ 5.93 | \$ 6.96         | \$ 6.68 | \$ 5.93           |
| Delta Life & Annuity 65145  | \$ 7.28             | \$ 6.90 | \$ 6.00 | \$ 7.81         | \$ 7.23 | \$ 6.07           |
| Jackson National LIC 65056  | \$ 8.06             | \$ 7.72 | \$ 7.00 | \$ 8.34         | \$ 7.89 | \$ 7.04           |
| Jefferson Pilot LIC 67865   | \$ 7.90             | \$ 7.60 | \$ 6.66 | \$ 7.90         | \$ 7.60 | \$ 6.66           |
| Keyport Life 65234  | \$ 7.90             | \$ 7.56 | \$ 6.71 | \$ 8.38         | \$ 7.87 | \$ 6.77           |
| Life IC of the Southwest 65528  | \$ 8.20             | \$ 7.87 | \$ 7.09 | \$ 8.62         | \$ 8.13 | \$ 7.15           |
| Lincoln Benefit Life Co. 65595  | \$ 8.21             | \$ 7.82 | \$ 7.02 | \$ 8.21         | \$ 7.82 | \$ 7.02           |
| London Pacific 68934  | \$ 8.23             | \$ 7.78 | \$ 6.95 | \$ 8.23         | \$ 7.78 | \$ 6.95           |
|  <b>Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.</b> |                     |         |         |                 |         |                   |
| National Guardian LIC 66583   | \$ 7.58             | \$ 7.23 | \$ 6.41 | \$ 7.58         | \$ 7.23 | \$ 6.41           |
| Peoples Benefit LIC 66605   | \$ 7.94             | \$ 7.61 | \$ 6.90 | \$ 7.94         | \$ 7.61 | \$ 6.90           |
| Presidential LIC 68039  | \$ 8.48             | \$ 8.07 | \$ 7.30 | \$ 8.48         | \$ 8.07 | \$ 7.30           |
| Principal LIC 61271   | \$ 7.73             | \$ 7.44 | \$ 6.79 | \$ 7.75         | \$ 7.46 | \$ 6.81           |
| Providentmutual L&A 70750   | \$ 7.71             | \$ 7.16 | \$ 6.25 | \$ 7.71         | \$ 7.16 | \$ 6.25           |
| Security Benefit LIC 68675  | \$ 7.01             | \$ 6.78 | \$ 6.22 | \$ 7.01         | \$ 6.78 | \$ 6.22           |
| Security Mutual/NY 68772  | \$ 7.58             | \$ 7.11 | \$ 6.04 | \$ 7.91         | \$ 7.29 | \$ 6.05           |
| Southwestern Life 91391   | \$ 6.87             | \$ 6.61 | \$ 5.98 | -               | -       | -                 |
| United Heritage Mutual LIC 63983  | \$ 7.95             | \$ 7.66 | \$ 6.91 | \$ 7.95         | \$ 7.66 | \$ 6.91           |
| United of Omaha LIC 69868   | \$ 7.97             | \$ 7.59 | \$ 6.75 | \$ 7.97         | \$ 7.59 | \$ 6.75           |
| USG Annuity & Life 61247  | \$ 8.30             | \$ 7.77 | \$ 6.77 | \$ 8.30         | \$ 7.77 | \$ 6.77           |

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999

<sup>1</sup>Exceeds maximum guarantee period allowed by IRS.

# Immediate Annuities Update

**Table 12. Single Life Annuities — Male Age 75**

| Reporting Companies<br>(NAIC ID Number) | Non-Qualified Funds |             |             | Qualified Funds |             |                          |
|---|---------------------|-------------|-------------|-----------------|-------------|--------------------------|
|   | Life<br>Only        | 10yr<br>C&C | 20yr<br>C&C | Life<br>Only    | 10yr<br>C&C | 20yr<br>C&C <sup>1</sup> |
| AIG Life Ins. Co. 66842                 | \$10.95             | \$ 9.19     | \$ 7.16     | \$10.95         | \$ 9.19     | \$ 7.16                  |
| American Heritage 60534                 | \$10.60             | \$ 8.97     | \$ 6.86     | \$10.60         | \$ 8.97     | \$ 6.86                  |
| Canada Life Assurance 80659             | \$10.69             | \$ 9.21     | \$ 7.31     | \$10.69         | \$ 9.21     | \$ 7.31                  |
| Columbia Universal 77720                | \$10.43             | \$ 8.83     | \$ 6.72     | \$10.43         | \$ 8.83     | \$ 6.72                  |
| Conseco Annuity Assurance 60682         | \$ 9.05             | \$ 7.97     | \$ 6.23     | \$ 9.05         | \$ 7.97     | \$ 6.23                  |
| Jackson National LIC 65056              | \$10.02             | \$ 8.80     | \$ 7.23     | \$ 9.50         | \$ 8.59     | \$ 7.21                  |
| Jefferson Pilot LIC 67865               | \$10.30             | \$ 8.96     | \$ 6.88     | \$10.30         | \$ 8.96     | \$ 6.88                  |
| Keyport Life 65234                      | \$10.27             | \$ 8.89     | \$ 6.93     | \$ 9.69         | \$ 8.64     | \$ 6.92                  |
| Life IC of the Southwest 65528          | \$10.53             | \$ 9.16     | -           | \$ 9.85         | \$ 8.86     | -                        |
| Lincoln Benefit Life Co. 65595          | \$10.05             | \$ 9.08     | \$ 7.26     | \$10.05         | \$ 9.08     | \$ 7.26                  |
| London Pacific 68934                    | \$10.47             | \$ 8.98     | \$ 7.20     | \$10.47         | \$ 8.98     | \$ 7.20                  |



**Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**

|                                  |         |         |         |         |         |         |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| National Guardian LIC 66583      | \$ 9.72 | \$ 8.42 | \$ 6.62 | \$ 9.72 | \$ 8.42 | \$ 6.62 |
| Peoples Benefit LIC 66605        | \$10.17 | \$ 8.83 | \$ 7.14 | \$10.17 | \$ 8.83 | \$ 7.14 |
| Presidential LIC 68039           | \$10.69 | \$ 9.20 | \$ 7.50 | \$10.69 | \$ 9.20 | \$ 7.50 |
| Principal LIC 61271              | \$10.13 | \$ 8.82 | \$ 7.13 | \$10.16 | \$ 8.85 | \$ 7.15 |
| Providentmutual L&A 70750        | \$ 9.77 | \$ 7.85 | \$ 6.34 | \$ 9.77 | \$ 7.85 | \$ 6.34 |
| Security Benefit LIC 68675       | \$ 9.18 | \$ 8.14 | \$ 6.59 | \$ 9.18 | \$ 8.14 | \$ 6.59 |
| Security Mutual/NY 68772         | \$10.20 | \$ 8.39 | \$ 6.21 | -       | \$ 8.75 | \$ 6.21 |
| Southwestern Life 91391          | \$ 9.23 | \$ 8.01 | \$ 6.32 | -       | -       | -       |
| United Heritage Mutual LIC 63983 | \$10.32 | \$ 8.99 | \$ 7.21 | \$10.32 | \$ 8.99 | \$ 7.21 |
| United of Omaha LIC 69868        | \$10.13 | \$ 8.74 | \$ 6.95 | \$10.13 | \$ 8.74 | \$ 6.95 |
| USG Annuity & Life 61247         | \$11.12 | \$ 9.09 | \$ 6.98 | \$11.12 | \$ 9.09 | \$ 6.98 |

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999

<sup>1</sup>Exceeds maximum guarantee period allowed by IRS.

# Immediate Annuities Update

**Table 13. Single Life Annuities — Female Age 75**

| Reporting Companies<br>(NAIC ID Number) | Non-Qualified Funds |             |             | Qualified Funds |             |                          |
|---|---------------------|-------------|-------------|-----------------|-------------|--------------------------|
|   | Life<br>Only        | 10yr<br>C&C | 20yr<br>C&C | Life<br>Only    | 10yr<br>C&C | 20yr<br>C&C <sup>1</sup> |
| AIG Life Ins. Co. 66842                 | \$ 9.62             | \$ 8.67     | \$ 7.11     | \$ 9.62         | \$ 8.67     | \$ 7.11                  |
| American Heritage 60534                 | \$ 9.25             | \$ 8.39     | \$ 6.80     | \$ 9.25         | \$ 8.39     | \$ 6.80                  |
| Canada Life Assurance 80659             | \$ 9.45             | \$ 8.66     | \$ 7.25     | \$ 9.45         | \$ 8.66     | \$ 7.25                  |
| Columbia Universal 77720                | \$ 9.10             | \$ 8.25     | \$ 6.67     | \$ 9.10         | \$ 8.25     | \$ 6.67                  |
| Conseco Annuity Assurance 60682         | \$ 7.99             | \$ 7.42     | \$ 6.15     | \$ 7.99         | \$ 7.42     | \$ 6.15                  |
| Jackson National LIC 65056              | \$ 9.17             | \$ 8.43     | \$ 7.19     | \$ 9.50         | \$ 8.59     | \$ 7.21                  |
| Jefferson Pilot LIC 67865               | \$ 9.00             | \$ 8.34     | \$ 6.77     | \$ 9.00         | \$ 8.34     | \$ 6.77                  |
| Keyport Life 65234                      | \$ 9.11             | \$ 8.36     | \$ 6.89     | \$ 9.69         | \$ 8.64     | \$ 6.92                  |
| Life IC of the Southwest 65528          | \$ 9.33             | \$ 8.61     | -           | \$ 9.85         | \$ 8.86     | -                        |
| Lincoln Benefit Life Co. 65595          | \$ 9.44             | \$ 8.60     | \$ 7.21     | \$ 9.44         | \$ 8.60     | \$ 7.21                  |
| London Pacific 68934                    | \$ 9.49             | \$ 8.57     | \$ 7.15     | \$ 9.49         | \$ 8.57     | \$ 7.15                  |



**Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**

|                                  |         |         |         |         |         |         |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| National Guardian LIC 66583      | \$ 8.81 | \$ 8.03 | \$ 6.59 | \$ 8.81 | \$ 8.03 | \$ 6.59 |
| Peoples Benefit LIC 66605        | \$ 9.13 | \$ 8.39 | \$ 7.13 | \$ 9.13 | \$ 8.39 | \$ 7.13 |
| Presidential LIC 68039           | \$ 9.63 | \$ 8.77 | \$ 7.46 | \$ 9.63 | \$ 8.77 | \$ 7.46 |
| Principal LIC 61271              | \$ 8.81 | \$ 8.14 | \$ 6.98 | \$ 8.84 | \$ 8.16 | \$ 7.00 |
| Providentmutual L&A 70750        | \$ 8.63 | \$ 7.50 | \$ 6.31 | \$ 8.63 | \$ 7.50 | \$ 6.31 |
| Security Benefit LIC 68675       | \$ 8.06 | \$ 7.54 | \$ 6.49 | \$ 8.06 | \$ 7.54 | \$ 6.49 |
| Security Mutual/NY 68772         | \$ 9.11 | \$ 8.01 | \$ 6.17 | \$ 9.52 | \$ 8.11 | \$ 6.18 |
| Southwestern Life 91391          | \$ 8.00 | \$ 7.39 | \$ 6.23 | -       | -       | -       |
| United Heritage Mutual LIC 63983 | \$ 9.29 | \$ 8.54 | \$ 7.15 | \$ 9.29 | \$ 8.54 | \$ 7.15 |
| United of Omaha LIC 69868        | \$ 9.20 | \$ 8.37 | \$ 6.92 | \$ 9.20 | \$ 8.37 | \$ 6.92 |
| USG Annuity & Life 61247         | \$ 9.59 | \$ 8.52 | \$ 6.93 | \$ 9.59 | \$ 8.52 | \$ 6.93 |

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999

<sup>1</sup>Exceeds maximum guarantee period allowed by IRS.

# Immediate Annuities Update

**Table 14. Single Life Annuities — Male Age 80**

| Reporting Companies<br>(NAIC ID Number) | Non-Qualified Funds  |             |             | Qualified Funds      |                          |                          |
|---|----------------------|-------------|-------------|----------------------|--------------------------|--------------------------|
|   | Life<br>Only         | 10yr<br>C&C | 20yr<br>C&C | Life<br>Only         | 10yr<br>C&C <sup>1</sup> | 20yr<br>C&C <sup>2</sup> |
| AIG Life Ins. Co. 66842                 | \$13.22              | \$ 9.87     | \$ 7.21     | \$13.22              | \$ 9.87                  | \$ 7.21                  |
| American Heritage 60534                 | \$12.95              | \$ 9.74     | \$ 6.91     | \$12.95              | \$ 9.74                  | \$ 6.91                  |
| Canada Life Assurance 80659             | \$12.75              | \$ 9.91     | \$ 7.36     | \$12.75              | \$ 9.91                  | \$ 7.36                  |
| Columbia Universal 77720                | \$12.77              | \$ 9.61     | \$ 6.78     | \$12.77              | \$ 9.61                  | \$ 6.78                  |
| Conseco Annuity Assurance 60682         | \$10.62              | \$ 8.65     | \$ 6.31     | \$10.62              | \$ 8.65                  | \$ 6.31                  |
| Delta Life & Annuity 65145              | \$12.42              | \$ 9.10     | \$ 6.30     | \$11.54              | \$ 8.91                  | \$ 6.29                  |
| Jackson National LIC 65056              | \$11.83              | \$ 9.49     | \$ 7.30     | \$11.26              | \$ 9.35                  | \$ 7.30                  |
| Jefferson Pilot LIC 67865               | \$12.32              | \$ 9.71     | \$ 6.99     | \$12.32              | \$ 9.71                  | \$ 6.99                  |
| Keyport Life 65234                      | \$12.21              | \$ 9.60     | \$ 6.99     | \$11.53              | \$ 9.42                  | \$ 6.98                  |
| Life IC of the Southwest 65528          | \$12.50              | \$ 9.86     | -           | \$11.64              | \$ 9.63                  | -                        |
| Lincoln Benefit Life Co. 65595          | \$10.06 <sup>3</sup> | \$ 9.83     | \$ 7.33     | \$10.06 <sup>3</sup> | \$ 9.83                  | \$ 7.33                  |
| London Pacific 68934                    | \$12.49              | \$ 9.71     | \$ 7.27     | \$12.49              | \$ 9.71                  | \$ 7.27                  |



**Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**

|                                  |         |         |         |         |         |         |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| National Guardian LIC 66583      | \$11.69 | \$ 9.16 | \$ 6.69 | \$11.69 | \$ 9.16 | \$ 6.69 |
| Peoples Benefit LIC 66605        | \$12.09 | \$ 9.55 | \$ 7.24 | \$12.09 | \$ 9.55 | \$ 7.24 |
| Presidential LIC 68039           | \$12.85 | \$ 9.87 | \$ 7.55 | \$12.85 | \$ 9.87 | \$ 7.55 |
| Principal LIC 61271              | \$12.32 | \$ 9.72 | \$ 7.27 | \$12.36 | \$ 9.75 | \$ 7.29 |
| Providentmutual L&A 70750        | \$11.24 | \$ 8.18 | \$ 6.36 | \$11.24 | \$ 8.18 | \$ 6.36 |
| Security Benefit LIC 68675       | \$11.02 | \$ 8.94 | \$ 6.71 | \$11.02 | \$ 8.94 | \$ 6.71 |
| Security Mutual/NY 68772         | \$12.71 | \$ 9.13 | \$ 6.24 | -       | \$ 9.29 | \$ 6.23 |
| Southwestern Life 91391          | \$11.26 | \$ 8.79 | \$ 6.42 | -       | -       | -       |
| United Heritage Mutual LIC 63983 | \$12.25 | \$ 9.58 | \$ 7.25 | \$12.25 | \$ 9.58 | \$ 7.25 |
| United of Omaha 69868            | \$12.14 | \$ 9.45 | \$ 7.00 | \$12.14 | \$ 9.45 | \$ 7.00 |
| USG Annuity & Life 61247         | \$13.12 | \$ 9.71 | \$ 7.03 | \$13.12 | \$ 9.71 | \$ 7.03 |

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999

<sup>1</sup>Exceeds maximum guarantee period allowed by IRS.

<sup>2</sup>Exceeds maximum guarantee period allowed by IRS.

<sup>3</sup>Requires a payout that guarantees a return of the premium. This payout option is an Installment Refund.

# Immediate Annuities Update

**Table 15. Single Life Annuities — Female Age 80**

| Reporting Companies<br>(NAIC ID Number) | Non-Qualified Funds  |             |             | Qualified Funds      |                          |                          |
|---|----------------------|-------------|-------------|----------------------|--------------------------|--------------------------|
|   | Life<br>Only         | 10yr<br>C&C | 20yr<br>C&C | Life<br>Only         | 10yr<br>C&C <sup>1</sup> | 20yr<br>C&C <sup>2</sup> |
| AIG Life Ins. Co. 66842                 | \$11.64              | \$ 9.51     | \$ 7.20     | \$11.64              | \$ 9.51                  | \$ 7.20                  |
| American Heritage 60534                 | \$11.30              | \$ 9.33     | \$ 6.90     | \$11.30              | \$ 9.33                  | \$ 6.90                  |
| Canada Life Assurance 80659             | \$11.28              | \$ 9.52     | \$ 7.35     | \$11.28              | \$ 9.52                  | \$ 7.35                  |
| Columbia Universal 77720                | \$11.13              | \$ 9.20     | \$ 6.76     | \$11.13              | \$ 9.20                  | \$ 6.76                  |
| Conseco Annuity Assurance 60682         | \$ 9.43              | \$ 8.23     | \$ 6.28     | \$ 9.43              | \$ 8.23                  | \$ 6.28                  |
| Delta Life & Annuity 65145              | \$10.70              | \$ 8.69     | \$ 6.28     | \$11.54              | \$ 8.91                  | \$ 6.29                  |
| Jackson National LIC 65056              | \$10.89              | \$ 9.25     | \$ 7.29     | \$11.26              | \$ 9.35                  | \$ 7.30                  |
| Jefferson Pilot LIC 67865               | \$10.70              | \$ 9.21     | \$ 6.87     | \$10.70              | \$ 9.21                  | \$ 6.87                  |
| Keyport Life 65234                      | \$10.88              | \$ 9.22     | \$ 6.97     | \$11.53              | \$ 9.42                  | \$ 6.98                  |
| Life IC of the Southwest 65528          | \$11.04              | \$ 9.45     | -           | \$11.64              | \$ 9.63                  | -                        |
| Lincoln Benefit Life Co. 65595          | \$ 9.86 <sup>3</sup> | \$ 9.46     | \$ 7.31     | \$ 9.86 <sup>3</sup> | \$ 9.46                  | \$ 7.31                  |
| London Pacific 68934                    | \$11.37              | \$ 9.43     | \$ 7.26     | \$11.37              | \$ 9.43                  | \$ 7.26                  |



**Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**

|                                  |         |         |         |         |         |         |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| National Guardian LIC 66583      | \$10.67 | \$ 8.91 | \$ 6.68 | \$10.67 | \$ 8.91 | \$ 6.68 |
| Peoples Benefit LIC 66605        | \$10.78 | \$ 9.20 | \$ 7.25 | \$10.78 | \$ 9.20 | \$ 7.25 |
| Presidential LIC 68039           | \$11.46 | \$ 9.55 | \$ 7.53 | \$11.46 | \$ 9.55 | \$ 7.53 |
| Principal LIC 61271              | \$10.53 | \$ 9.04 | \$ 7.19 | \$10.56 | \$ 9.07 | \$ 7.21 |
| Providentmutual L&A 70750        | \$ 9.77 | \$ 7.85 | \$ 6.34 | \$ 9.77 | \$ 7.85 | \$ 6.34 |
| Security Benefit LIC 68675       | \$ 9.64 | \$ 8.45 | \$ 6.67 | \$ 9.64 | \$ 8.45 | \$ 6.67 |
| Security Mutual/NY 68772         | \$11.48 | \$ 8.88 | \$ 6.22 | \$11.75 | \$ 8.87 | \$ 6.23 |
| Southwestern Life 91391          | \$ 9.71 | \$ 8.30 | \$ 6.39 | -       | -       | -       |
| United Heritage Mutual LIC 63983 | \$11.09 | \$ 9.26 | \$ 7.23 | \$11.09 | \$ 9.26 | \$ 7.23 |
| United of Omaha LIC 69868        | \$11.09 | \$ 9.21 | \$ 7.00 | \$11.09 | \$ 9.21 | \$ 7.00 |
| USG Annuity & Life 61247         | \$11.41 | \$ 9.33 | \$ 7.01 | \$11.41 | \$ 9.22 | \$ 7.01 |

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999

<sup>1</sup>Exceeds maximum guarantee period allowed by IRS.

<sup>2</sup>Exceeds maximum guarantee period allowed by IRS.

<sup>3</sup>Requires a payout that guarantees a return of the premium. This payout option is an Installment Refund.

# Immediate Annuities Update

**Table 16. Single Life Annuities — Male Age 85**

| Reporting Companies<br>(NAIC ID Number) | Non-Qualified Funds  |             |             | Qualified Funds      |                          |                          |
|---|----------------------|-------------|-------------|----------------------|--------------------------|--------------------------|
|   | Life<br>Only         | 10yr<br>C&C | 20yr<br>C&C | Life<br>Only         | 10yr<br>C&C <sup>1</sup> | 20yr<br>C&C <sup>2</sup> |
| AIG Life Ins. Co. 66842                 | \$15.69              | \$10.28     | \$ 7.22     | \$15.69              | \$10.28                  | \$ 7.22                  |
| American Heritage 60534                 | \$16.20              | \$10.32     | \$ 6.93     | \$16.20              | \$10.32                  | \$ 6.93                  |
| Canada Life Assurance 80659             | \$15.47              | \$10.43     | \$ 7.38     | \$15.47              | \$10.43                  | \$ 7.38                  |
| Columbia Universal 77720                | \$15.99              | \$10.19     | \$ 6.80     | \$15.99              | \$10.19                  | \$ 6.80                  |
| Conseco Annuity Assurance 60682         | \$12.56              | \$ 9.24     | -           | \$12.56              | \$ 9.24                  | -                        |
| Jackson National LIC 65056              | \$14.36              | \$10.10     | \$ 7.33     | \$13.82              | \$10.04                  | \$ 7.33                  |
| Jefferson Pilot LIC 67865               | \$15.20              | \$10.32     | \$ 7.10     | \$15.20              | \$10.32                  | \$ 7.10                  |
| Life IC of the Southwest 65528          | \$15.23              | -           | -           | \$14.24              | -                        | -                        |
| Lincoln Benefit Life Co. 65595          | \$12.24 <sup>3</sup> | \$10.39     | \$ 7.35     | \$12.24 <sup>3</sup> | \$10.39                  | \$ 7.35                  |
| London Pacific 68934                    | \$15.40              | \$10.30     | \$ 7.30     | \$15.40              | \$10.30                  | \$ 7.30                  |



**Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**

|                                  |         |         |         |         |         |         |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| National Guardian LIC 66583      | \$14.46 | \$ 9.75 | \$ 6.71 | \$14.46 | \$ 9.75 | \$ 6.71 |
| Peoples Benefit LIC 66605        | \$14.94 | \$10.14 | \$ 7.28 | \$14.94 | \$10.14 | \$ 7.28 |
| Presidential LIC 68039           | \$15.92 | \$10.38 | \$ 7.56 | \$15.92 | \$10.38 | \$ 7.56 |
| Principal LIC 61271              | \$15.65 | \$10.44 | \$ 7.29 | \$15.70 | \$10.47 | \$ 7.31 |
| Providentmutual L&A 70750        | \$13.19 | \$ 8.48 | \$ 6.36 | \$13.19 | \$ 8.48 | \$ 6.36 |
| Security Benefit LIC 68675       | \$13.62 | \$ 9.65 | \$ 6.75 | \$13.62 | \$ 9.65 | \$ 6.75 |
| Security Mutual/NY 68772         | \$16.60 | \$ 9.66 | \$ 6.24 | -       | \$ 9.63 | \$ 6.24 |
| Southwestern Life 91391          | \$14.15 | \$ 9.44 | \$ 6.44 | -       | -       | -       |
| United Heritage Mutual LIC 63983 | \$15.36 | \$10.26 | \$ 7.28 | \$15.36 | \$10.26 | \$ 7.28 |
| United of Omaha LIC 69868        | \$14.98 | \$10.02 | \$ 7.02 | \$14.98 | \$10.02 | \$ 7.02 |
| USG Annuity & Life 61247         | \$15.91 | \$10.22 | \$ 7.04 | \$15.91 | \$10.22 | \$ 7.04 |

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999

<sup>1</sup>Exceeds maximum guarantee period allowed by IRS.

<sup>2</sup>Exceeds maximum guarantee period allowed by IRS.

<sup>3</sup>Requires a payout that guarantees a return of the premium. This payout option is an Installment Refund.

# Immediate Annuities Update

**Table 17. Single Life Annuities — Female Age 85**

| Reporting Companies<br>(NAIC ID Number) | Non-Qualified Funds  |             |             | Qualified Funds      |                          |                          |
|---|----------------------|-------------|-------------|----------------------|--------------------------|--------------------------|
|   | Life<br>Only         | 10yr<br>C&C | 20yr<br>C&C | Life<br>Only         | 10yr<br>C&C <sup>1</sup> | 20yr<br>C&C <sup>2</sup> |
| AIG Life Ins. Co. 66842                 | \$13.96              | \$10.08     | \$ 7.22     | \$13.96              | \$10.08                  | \$ 7.22                  |
| American Heritage 60534                 | \$14.39              | \$10.11     | \$ 6.93     | \$14.39              | \$10.11                  | \$ 6.93                  |
| Canada Life Assurance 80659             | \$13.94              | \$10.24     | \$ 7.38     | \$13.94              | \$10.24                  | \$ 7.38                  |
| Columbia Universal 77720                | \$14.20              | \$ 9.98     | \$ 6.80     | \$14.20              | \$ 9.98                  | \$ 6.80                  |
| Conseco Annuity Assurance 60682         | \$11.38              | \$ 8.97     | -           | \$11.38              | \$ 8.97                  | -                        |
| Jackson National LIC 65056              | \$13.47              | \$ 9.99     | \$ 7.33     | \$13.82              | \$10.04                  | \$ 7.33                  |
| Jefferson Pilot LIC 67865               | \$13.28              | \$10.01     | \$7.00      | \$13.28              | \$10.01                  | \$ 7.00                  |
| Life IC of the Southwest 65528          | \$13.60              | -           | -           | \$14.24              | -                        | -                        |
| Lincoln Benefit Life Co. 65595          | \$11.50 <sup>3</sup> | \$10.19     | \$ 7.35     | \$11.50 <sup>3</sup> | \$10.19                  | \$ 7.35                  |
| London Pacific 68934                    | \$14.31              | \$10.17     | \$ 7.30     | \$14.31              | \$10.17                  | \$ 7.30                  |



**Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**

|                                  |         |         |         |         |         |         |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| National Guardian LIC 66583      | \$13.49 | \$ 9.64 | \$ 6.71 | \$13.49 | \$ 9.64 | \$ 6.71 |
| Peoples Benefit LIC 66605        | \$13.40 | \$ 9.93 | \$ 7.28 | \$13.40 | \$ 9.93 | \$ 7.28 |
| Presidential LIC 68039           | \$14.36 | \$10.21 | \$ 7.56 | \$14.36 | \$10.21 | \$ 7.56 |
| Principal LIC 61271              | \$12.94 | \$ 9.81 | \$ 7.26 | \$12.98 | \$ 9.84 | \$ 7.28 |
| Providentmutual L&A 70750        | \$11.24 | \$ 8.18 | \$ 6.36 | \$11.24 | \$ 8.18 | \$ 6.36 |
| Security Benefit LIC 68675       | \$12.04 | \$ 9.34 | \$ 6.74 | \$12.04 | \$ 9.34 | \$ 6.74 |
| Security Mutual/NY 68772         | \$15.20 | \$ 9.48 | \$ 6.24 | \$14.94 | \$ 9.45 | \$ 6.24 |
| Southwestern Life 91391          | \$12.33 | \$ 9.15 | \$ 6.44 | -       | -       | -       |
| United Heritage Mutual LIC 63983 | \$14.24 | \$10.11 | \$ 7.28 | \$14.24 | \$10.11 | \$ 7.28 |
| United of Omaha LIC 69868        | \$13.96 | \$ 9.92 | \$ 7.02 | \$13.96 | \$ 9.92 | \$ 7.02 |
| USG Annuity & Life 61247         | \$14.18 | \$10.02 | \$ 7.04 | \$14.18 | \$10.02 | \$ 7.04 |

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999

<sup>1</sup>Exceeds maximum guarantee period allowed by IRS.

<sup>2</sup>Exceeds maximum guarantee period allowed by IRS.

<sup>3</sup>Requires a payout that guarantees a return of the premium. This payout option is an Installment Refund.



# Immediate Annuities Update

**Table 18. Single Life Annuities — Male Age 90**

| Reporting Companies<br>(NAIC ID Number) | Non-Qualified Funds |             |             | Qualified Funds |                          |                          |
|---|---------------------|-------------|-------------|-----------------|--------------------------|--------------------------|
|   | Life<br>Only        | 10yr<br>C&C | 20yr<br>C&C | Life<br>Only    | 10yr<br>C&C <sup>1</sup> | 20yr<br>C&C <sup>2</sup> |
| Canada Life Assurance 80659             | \$18.86             | \$10.76     | \$ 7.38     | \$18.86         | \$10.76                  | \$ 7.38                  |
| Conseco Annuity Assurance 60682         | \$14.86             | \$ 9.71     | -           | \$14.86         | \$ 9.71                  | -                        |
| Delta Life & Annuity 65145              | \$20.29             | \$ 9.97     | \$ 6.33     | \$19.39         | \$ 9.93                  | \$ 6.33                  |
| Jackson National LIC 65056              | \$17.82             | \$10.52     | \$ 7.34     | \$17.44         | \$10.49                  | \$ 7.34                  |
| Lincoln Benefit Life Co. 65595          | -                   | \$10.39     | \$ 7.35     | -               | \$10.39                  | \$ 7.35                  |
| London Pacific 68934                    | \$19.39             | \$10.68     | \$ 7.31     | \$19.39         | \$10.68                  | \$ 7.31                  |



**Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**

|                             |         |         |         |         |         |         |
|-----------------------------|---------|---------|---------|---------|---------|---------|
| National Guardian LIC 66583 | \$18.25 | \$10.13 | \$ 6.72 | \$18.25 | \$10.13 | \$ 6.72 |
| Peoples Benefit LIC 66605   | \$19.02 | \$10.59 | \$ 7.29 | \$19.02 | \$10.59 | \$ 7.29 |
| Presidential LIC 68039      | \$20.25 | \$10.70 | \$ 7.56 | \$20.25 | \$10.70 | \$ 7.56 |
| Principal LIC 61271         | -       | \$10.81 | \$ 7.29 | -       | \$10.84 | \$ 7.31 |
| Providentmutual L&A 70750   | \$15.94 | \$ 8.74 | \$ 6.37 | \$15.94 | \$ 8.74 | \$ 6.37 |
| Security Benefit LIC 68675  | \$17.29 | \$10.19 | \$ 6.76 | \$17.29 | \$10.19 | \$ 6.76 |
| Southwestern Life 91391     | \$18.20 | \$ 9.88 | \$ 6.45 | -       | -       | -       |

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999

<sup>1</sup>Exceeds maximum guarantee period allowed by IRS.

<sup>2</sup>Exceeds maximum guarantee period allowed by IRS.

# Immediate Annuities Update

Table 19. Single Life Annuities — Female Age 90

| Reporting Companies<br>(NAIC ID Number) | Non-Qualified Funds |             |             | Qualified Funds |                          |                          |
|---|---------------------|-------------|-------------|-----------------|--------------------------|--------------------------|
|   | Life<br>Only        | 10yr<br>C&C | 20yr<br>C&C | Life<br>Only    | 10yr<br>C&C <sup>1</sup> | 20yr<br>C&C <sup>2</sup> |
| Canada Life Assurance 80659             | \$17.57             | \$10.68     | \$ 7.38     | \$17.57         | \$10.68                  | \$ 7.38                  |
| Conseco Annuity Assurance 60682         | \$13.81             | \$ 9.53     | -           | \$13.81         | \$ 9.53                  | -                        |
| Delta Life & Annuity 65145              | \$18.51             | \$ 9.88     | \$ 6.33     | \$19.39         | \$ 9.93                  | \$ 6.33                  |
| Jackson National LIC 65056              | \$17.19             | \$10.47     | \$ 7.34     | \$17.44         | \$10.49                  | \$ 7.34                  |
| Lincoln Benefit Life Co. 65595          | -                   | \$10.17     | \$ 7.35     | -               | \$10.17                  | \$ 7.35                  |
| London Pacific 68934                    | \$18.60             | \$10.62     | \$ 7.31     | \$18.60         | \$10.62                  | \$ 7.31                  |



**Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**

|                             |         |         |         |         |         |         |
|-----------------------------|---------|---------|---------|---------|---------|---------|
| National Guardian LIC 66583 | \$17.56 | \$10.09 | \$ 6.72 | \$17.56 | \$10.09 | \$ 6.72 |
| Peoples Benefit LIC 66605   | \$17.55 | \$10.49 | \$ 7.29 | \$17.55 | \$10.49 | \$ 7.29 |
| Presidential LIC 68039      | \$18.67 | \$10.62 | \$ 7.56 | \$18.67 | \$10.62 | \$ 7.56 |
| Principal LIC 61271         | -       | \$10.34 | \$ 7.28 | -       | \$10.37 | \$ 7.31 |
| Providentmutual L&A 70750   | \$13.19 | \$ 8.48 | \$ 6.36 | \$13.19 | \$ 8.48 | \$ 6.36 |
| Security Benefit LIC 68675  | \$15.64 | \$10.04 | \$ 6.76 | \$15.64 | \$10.04 | \$ 6.76 |
| Southwestern Life 91391     | \$16.33 | \$ 9.75 | \$ 6.45 | -       | -       |         |

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999

<sup>1</sup>Exceeds maximum guarantee period allowed by IRS.

<sup>2</sup>Exceeds maximum guarantee period allowed by IRS.

# Immediate Annuities Update

**Table 20. Joint & Survivor Annuities — Male age 60, Female Age 57**

| Reporting Companies             | Non-Qualified Funds              |                                     |                     | Qualified Funds                  |                                     |                     |
|---------------------------------|----------------------------------|-------------------------------------|---------------------|----------------------------------|-------------------------------------|---------------------|
|                                 | 50% J&S<br>reducing on<br>either | 50% J&S<br>reducing on<br>primary's | 100%<br>J&S<br>non- | 50% J&S<br>reducing on<br>either | 50% J&S<br>reducing on<br>primary's | 100%<br>J&S<br>non- |
| AIG Life Ins. Co. 66842         | \$ 6.96                          | -                                   | \$ 6.55             | \$ 6.96                          | -                                   | \$ 6.55             |
| American Heritage Life 60534    | \$ 6.51                          | \$ 6.29                             | \$ 5.72             | \$ 6.51                          | \$ 6.29                             | \$ 5.72             |
| Canada Life Assurance 80659     | \$ 6.91                          | \$ 6.71                             | \$ 6.16             | \$ 6.91                          | \$ 6.71                             | \$ 6.16             |
| Columbia Universal 77720        | \$ 6.13                          | -                                   | \$ 5.57             | \$ 6.13                          | -                                   | \$ 5.57             |
| Conseco Annuity Assurance 60682 | \$ 5.85                          | -                                   | \$ 5.08             | \$ 5.85                          | -                                   | \$ 5.08             |
| Delta Life & Annuity 65145      | \$ 5.90                          | -                                   | \$ 5.13             | \$ 5.91                          | -                                   | \$ 5.18             |
| Jackson National Life 65056     | \$ 6.88                          | \$ 6.67                             | \$ 6.23             | \$ 6.84                          | \$ 6.58                             | \$ 6.23             |
| Jefferson Pilot LIC 67865       | \$ 6.88                          | \$ 6.69                             | \$ 6.04             | \$ 6.88                          | \$ 6.69                             | \$ 6.04             |
| Keyport Life 65234              | \$ 6.59                          | -                                   | \$ 5.87             | \$ 6.60                          | -                                   | \$ 5.90             |
| Life IC of the Southwest 65528  | \$ 6.04                          | \$ 5.84                             | \$ 5.32             | \$ 6.03                          | \$ 5.74                             | \$ 5.35             |
| Lincoln Benefit Life Co. 65595  | \$ 6.90                          | \$ 6.68                             | \$ 6.22             | \$ 6.90                          | \$ 6.68                             | \$ 6.22             |
| National Guardian LIC 66583     | -                                | -                                   | \$ 5.58             | -                                | -                                   | \$ 5.58             |



**Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**

|                                  |         |         |         |         |         |         |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| Peoples Benefit LIC 66605        | \$ 6.73 | \$ 6.54 | \$ 6.07 | \$ 6.73 | \$ 6.54 | \$ 6.07 |
| Presidential LIC 68039           | \$ 7.25 | \$ 7.04 | \$ 6.56 | \$ 7.25 | \$ 7.04 | \$ 6.56 |
| Principal LIC 61271              | \$ 6.95 | \$ 6.76 | \$ 6.25 | \$ 6.97 | \$ 6.78 | \$ 6.27 |
| Providentmutual L&A 70750        | \$ 6.54 | -       | \$ 5.33 | \$ 6.54 | -       | \$ 5.33 |
| Security Benefit LIC 68675       | \$ 6.05 | \$ 5.88 | \$ 5.43 | -       | \$ 5.88 | \$ 5.43 |
| Security Mutual/NY 68772         | -       | \$ 5.84 | \$ 5.25 | -       | \$ 6.07 | \$ 5.36 |
| Southwestern Life 91391          | \$ 5.75 | \$ 5.58 | \$ 5.11 | \$ 5.75 | \$ 5.49 | \$ 5.14 |
| United Heritage Mutual LIC 63983 | \$ 6.76 | -       | \$ 6.04 | \$ 6.76 | -       | \$ 6.04 |
| United of Omaha LIC 69868        | \$ 6.70 | \$ 6.49 | \$ 6.02 | \$ 6.70 | \$ 6.49 | \$ 6.02 |
| USG Annuity & Life 61247         | \$ 6.92 | -       | \$ 6.05 | \$ 6.92 | -       | \$ 6.05 |

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999

# Immediate Annuities Update

**Table 21. Joint & Survivor Annuities — Male age 65, Female Age 62**

| Reporting Companies             | Non-Qualified Funds              |                                     |                     | Qualified Funds                  |                                     |                     |
|---------------------------------|----------------------------------|-------------------------------------|---------------------|----------------------------------|-------------------------------------|---------------------|
|                                 | 50% J&S<br>reducing on<br>either | 50% J&S<br>reducing on<br>primary's | 100%<br>J&S<br>non- | 50% J&S<br>reducing on<br>either | 50% J&S<br>reducing on<br>primary's | 100%<br>J&S<br>non- |
| AIG Life Ins. Co. 66842         | \$ 7.58                          | -                                   | \$ 6.90             | \$ 7.58                          | -                                   | \$ 6.90             |
| American Heritage 60534         | \$ 7.15                          | \$ 6.85                             | \$ 6.12             | \$ 7.15                          | \$ 6.85                             | \$ 6.12             |
| Canada Life Assurance 80659     | \$ 7.53                          | \$ 7.25                             | \$ 6.55             | \$ 7.53                          | \$ 7.25                             | \$ 6.55             |
| Columbia Universal 77720        | \$ 6.70                          | -                                   | \$ 5.97             | \$ 6.70                          | -                                   | \$ 5.97             |
| Conseco Annuity Assurance 60682 | \$ 6.45                          | -                                   | \$ 5.46             | \$ 6.45                          | -                                   | \$ 5.46             |
| Delta Life & Annuity 65145      | \$ 6.54                          | -                                   | \$ 5.53             | \$ 6.55                          | -                                   | \$ 5.59             |
| Jackson National LIC 65056      | \$ 7.41                          | \$ 7.14                             | \$ 6.53             | \$ 7.36                          | \$ 7.01                             | \$ 6.53             |
| Jefferson Pilot LIC 67865       | \$ 7.37                          | \$ 7.02                             | \$ 6.31             | \$ 7.37                          | \$ 7.02                             | \$ 6.31             |
| Keyport Life 65234              | \$ 7.15                          | -                                   | \$ 6.22             | \$ 7.16                          | -                                   | \$ 6.27             |
| Life IC of the Southwest 65528  | \$ 6.63                          | \$ 6.37                             | \$ 5.69             | \$ 6.62                          | \$ 6.23                             | \$ 5.73             |
| Lincoln Benefit Life Co. 65595  | \$ 7.47                          | \$ 7.17                             | \$ 6.55             | \$ 7.47                          | \$ 7.17                             | \$ 6.55             |
| National Guardian LIC 66583     | -                                | -                                   | \$ 5.92             | -                                | -                                   | \$ 5.92             |



**Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**

|                                  |         |         |         |         |         |         |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| Peoples Benefit LIC 66605        | \$ 7.28 | \$ 7.03 | \$ 6.39 | \$ 7.28 | \$ 7.03 | \$ 6.39 |
| Presidential LIC 68039           | \$ 7.80 | \$ 7.52 | \$ 6.90 | \$ 7.80 | \$ 7.52 | \$ 6.90 |
| Principal LIC 61271              | \$ 7.42 | \$ 7.17 | \$ 6.51 | \$ 7.44 | \$ 7.20 | \$ 6.53 |
| Providentmutual L&A 70750        | \$ 7.14 | -       | \$ 5.72 | \$ 7.14 | -       | \$ 5.72 |
| Security Benefit LIC 68675       | \$ 6.56 | \$ 6.33 | \$ 5.72 | -       | \$ 6.33 | \$ 5.72 |
| Security Mutual/NY 68772         | -       | \$ 6.41 | \$ 5.67 | -       | \$ 6.77 | \$ 5.84 |
| Southwestern Life 91391          | \$ 6.28 | \$ 6.05 | \$ 5.42 | \$ 6.28 | \$ 5.92 | \$ 5.47 |
| United Heritage Mutual LIC 63983 | \$ 7.36 | -       | \$ 6.38 | \$ 7.36 | -       | \$ 6.38 |
| United of Omaha 69868            | \$ 7.25 | \$ 6.96 | \$ 6.34 | \$ 7.25 | \$ 6.96 | \$ 6.34 |
| USG Annuity & Life 61247         | \$ 7.60 | -       | \$ 6.45 | \$ 7.60 | -       | \$ 6.45 |

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999

# Immediate Annuities Update

**Table 22. Joint & Survivor Annuities — Male age 70, Female Age 67**

| Reporting Companies<br>(NAIC ID Number) | Non-Qualified Funds                       |  |                                 | Qualified Funds                           |  |                                 |
|---|---|--|---------------------------------|---|--|---------------------------------|
|   | 50% J&S<br>reducing on<br>either<br>death | 50% J&S<br>reducing on<br>primary's<br>death | 100%<br>J&S<br>non-<br>reducing | 50% J&S<br>reducing on<br>either<br>death | 50% J&S<br>reducing on<br>primary's<br>death | 100%<br>J&S<br>non-<br>reducing |
| AIG Life Ins. Co. 66842                 | \$ 8.46                                   | -  | \$ 7.41                         | \$ 8.46                                   | -  | \$ 7.41                         |
| American Heritage 60534                 | \$ 8.06                                   | \$ 7.66                                      | \$ 6.69                         | \$ 8.06                                   | \$ 7.66                                      | \$ 6.69                         |
| Canada Life Assurance 80659             | \$ 8.37                                   | \$ 8.01                                      | \$ 7.08                         | \$ 8.37                                   | \$ 8.01                                      | \$ 7.08                         |
| Columbia Universal 77720                | \$ 7.50                                   | -  | \$ 6.54                         | \$ 7.50                                   | -  | \$ 6.54                         |
| Conseco Annuity Assurance 60682         | \$ 7.13                                   | -  | \$ 5.91                         | \$ 7.13                                   | -  | \$ 5.91                         |
| Delta Life & Annuity 65145              | \$ 7.44                                   | -  | \$ 6.09                         | \$ 7.47                                   | -  | \$ 6.18                         |
| Jackson National LIC 65056              | \$ 8.17                                   | \$ 7.79                                      | \$ 6.98                         | \$ 8.11                                   | \$ 7.62                                      | \$ 6.99                         |
| Jefferson Pilot LIC 67865               | \$ 8.10                                   | \$ 7.66                                      | \$ 6.72                         | \$ 8.10                                   | \$ 7.66                                      | \$ 6.72                         |
| Keyport Life 65234                      | \$ 7.96                                   | -  | \$ 6.73                         | \$ 7.98                                   | -  | \$ 6.81                         |
| Life IC of the Southwest 65528          | \$ 7.46                                   | \$ 7.10                                      | \$ 6.21                         | \$ 7.44                                   | \$ 6.93                                      | \$ 6.26                         |
| Lincoln Benefit Life Co. 65595          | \$ 8.28                                   | \$ 7.88                                      | \$ 7.03                         | \$ 8.28                                   | \$ 7.88                                      | \$ 7.03                         |



**Please note, that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**

|                             |         |         |         |         |         |         |
|-----------------------------|---------|---------|---------|---------|---------|---------|
| National Guardian LIC 66583 | -       | -       | \$6.42  | -       | -       | \$ 6.42 |
| Peoples Benefit LIC 66605   | \$ 8.06 | \$ 7.71 | \$ 6.87 | \$ 8.06 | \$ 7.71 | \$ 6.87 |
| Presidential LIC 68039      | \$ 8.57 | \$ 8.20 | \$ 7.36 | \$ 8.57 | \$ 8.20 | \$ 7.36 |
| Principal LIC 61271         | \$ 8.09 | \$ 7.76 | \$ 6.88 | \$ 8.11 | \$ 7.79 | \$ 6.90 |
| Providentmutual L&A 70750   | \$ 7.88 | -       | \$ 6.21 | \$ 7.88 | -       | \$ 6.21 |
| Security Benefit LIC 68675  | \$ 7.17 | \$ 6.86 | \$ 6.07 | -       | \$ 6.86 | \$ 6.07 |
| Security Mutual/NY 68772    | -       | \$ 7.23 | \$ 6.28 | -       | \$ 7.74 | \$ 6.53 |
| Southwestern Life 91391     | \$ 7.04 | \$ 6.72 | \$ 5.88 | \$ 7.05 | \$ 6.57 | \$ 5.95 |
| United of Omaha 69868       | \$ 8.04 | \$ 7.65 | \$ 6.81 | \$ 8.04 | \$ 7.65 | \$ 6.81 |
| USG Annuity & Life 61247    | \$ 8.54 | -       | \$ 7.00 | \$ 8.54 | -       | \$ 7.00 |

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999

# Immediate Annuities Update

**Table 23. Joint & Survivor Annuities — Male age 75, Female Age 72**

| Reporting Companies<br>(NAIC IDNumber) | Non-Qualified Funds                       |  |                                 | Qualified Funds                           |  |                                 |
|--|---|--|---------------------------------|---|--|---------------------------------|
|  | 50% J&S<br>reducing on<br>either<br>death | 50% J&S<br>reducing on<br>primary's<br>death | 100%<br>J&S<br>non-<br>reducing | 50% J&S<br>reducing on<br>either<br>death | 50% J&S<br>reducing on<br>primary's<br>death | 100%<br>J&S<br>non-<br>reducing |
| AIG Life Ins. Co. 66842                | \$ 9.74                                   | -  | \$ 8.19                         | \$ 9.74                                   | -  | \$ 8.19                         |
| American Heritage 60534                | \$ 9.36                                   | \$ 8.79                                      | \$ 7.51                         | \$ 9.36                                   | \$ 8.79                                      | \$ 7.51                         |
| Canada Life Assurance 80659            | \$ 9.56                                   | \$ 9.06                                      | \$ 7.85                         | \$ 9.56                                   | \$ 9.06                                      | \$ 7.85                         |
| Columbia Universal 77720               | \$ 8.63                                   | -  | \$ 7.36                         | \$ 8.63                                   | -  | \$ 7.36                         |
| Conseco Annuity Assurance 60682        | \$ 8.10                                   | -  | \$ 6.53                         | \$ 8.10                                   | -  | \$ 6.53                         |
| Delta Life & Annuity 65145             | \$ 8.74                                   | -  | \$ 6.92                         | \$ 8.80                                   | -  | \$ 7.05                         |
| Jackson National LIC 65056             | \$ 9.25                                   | \$ 8.71                                      | \$ 7.65                         | \$ 9.20                                   | \$ 8.53                                      | \$ 7.67                         |
| Jefferson Pilot LIC 67865              | \$ 9.17                                   | \$ 8.59                                      | \$ 7.36                         | \$ 9.17                                   | \$ 8.59                                      | \$ 7.36                         |
| Keyport Life 65234                     | \$ 9.10                                   | -  | \$ 7.46                         | \$ 9.15                                   | -  | \$ 7.57                         |
| Life IC of the Southwest 65528         | \$ 8.64                                   | \$ 8.13                                      | \$ 6.96                         | \$ 8.62                                   | \$ 7.92                                      | \$ 7.02                         |
| Lincoln Benefit Life Co. 65595         | \$ 7.48                                   | \$ 8.93                                      | \$ 7.76                         | \$ 9.48                                   | \$ 8.93                                      | \$ 7.76                         |



**Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.**

|                                  |         |         |         |         |         |         |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| National Guardian LIC 66583      | -       | -       | \$ 7.15 | -       | -       | \$ 7.15 |
| Peoples Benefit LIC 66605        | \$ 9.17 | \$ 8.68 | \$ 7.57 | \$ 9.17 | \$ 8.68 | \$ 7.57 |
| Presidential LIC 68039           | \$ 9.70 | \$ 9.18 | \$ 8.04 | \$ 9.70 | \$ 9.18 | \$ 8.04 |
| Principal LIC 61271              | \$ 9.12 | \$ 8.65 | \$ 7.48 | \$ 9.14 | \$ 8.67 | \$ 7.50 |
| Providentmutual L&A 70750        | \$ 8.83 | -       | \$ 6.78 | \$ 8.83 | -       | \$ 6.78 |
| Security Benefit LIC 68675       | \$ 8.19 | \$ 7.75 | \$ 6.70 | -       | \$ 7.75 | \$ 6.70 |
| Security Mutual/NY 68772         | -       | \$ 8.44 | \$ 7.19 | -       | \$ 9.10 | \$ 7.54 |
| Southwestern Life 91391          | \$ 8.13 | \$ 7.67 | \$ 6.57 | \$ 8.17 | \$ 7.51 | \$ 6.67 |
| United Heritage Mutual LIC 63983 | \$ 9.27 | -       | \$ 7.50 | \$ 9.27 | -       | \$ 7.50 |
| United of Omaha 69868            | \$ 9.19 | \$ 8.63 | \$ 7.52 | \$ 9.19 | \$ 8.63 | \$ 7.52 |
| USG Annuity & Life 61247         | \$ 9.80 | -       | \$ 7.79 | \$ 9.80 | -       | \$ 7.79 |

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Nov. 5, 1999

# Deferred Annuities Update

**I**n 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 **Rnw1 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 cred-

ited 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 24. Single Premium Fixed Interest Deferred Annuities - With Bailout**

| Reporting Companies (NAIC #) | Policy Name     | Issue Ages | Nov. '99 Base Rate | Additional 1st Yr. Bonus | May '99 Base Rate | Nov. '98 Base Rate | Aug. '98 Base Rate | Rate Guar. Period | Bail-out Escape Rate | Guar. Rate | Rnw1 Mthd | Surrender Fees Yr 1 Yr 7 |
|------------------------------|-----------------|------------|--------------------|--------------------------|-------------------|--------------------|--------------------|-------------------|----------------------|------------|-----------|--------------------------|
| AIG Life 66842               | SPDA            | 0-75       | nr                 | nr                       | 5.05%             | nr                 | nr                 | 1 Year            | 4.05%                | 3.00%      | I         | 6% 0%                    |
| AIG Life 66842               | SPDA            | -          | nr                 | nr                       | nr                | nr                 | 5.50%              | 3 Yrs             | 4.50%                | nr         | I         | 6% 0%                    |
| American Heritage 60534      | SPDA-2          | 0-75       | 5.62%              | .50%                     | 5.25%             | 5.62%              | 5.88%              | 1 Year            | 6.12%                | 5.00%      | I         | 7% 1%                    |
| Columbia Universal 77720     | Pres. Choice    | 0-85       | nr                 | nr                       | nr                | 5.30%              | 5.25%              | 1 Year            | 5.30%                | 4.50%      | I         | 8% 0%                    |
| Jefferson Pilot 67865        | Value Single 5  | 0-85       | 6.60%              | na                       | nr                | nr                 | nr                 | 5 Yrs             | na                   | na         | na        | 7% 7%                    |
| Jefferson Pilot 67865        | SPDA            | 0-85       | nr                 | nr                       | nr                | 4.95%              | 5.20%              | 1 Year            | na                   | 4.50%      | I         | 5% 1%                    |
| Lincoln Benefit 65595        | Opportunist III | 0-99       | nr                 | nr                       | nr                | 4.75%              | nr                 | 1 Year            | 4.00%                | 4.00%      | I         | 7% 4%                    |
| Lincoln Benefit 65595        | Opportunist IV  | 0-99       | nr                 | nr                       | nr                | 5.05%              | nr                 | 1 Year            | 4.30%                | 4.00%      | I         | 7% 4%                    |
| Ohio National 89206          | Choice Classic  | 0-80       | nr                 | nr                       | nr                | 5.20%              | 5.85%              | 1 Year            | 4.19%                | 3.00%      | I         | 8% 2%                    |
| Presidential Life 68039      | SPDA II         | 0-85       | 6.65%              | na                       | 5.85%             | 5.60%              | 6.05%              | 2 Yrs             | 4.65%                | 5.00%      | I         | 6% 2%                    |
| Providentmutual 70750        | SPDA I          | 0-75       | 5.95%              | na                       | nr                | 4.40%              | 5.15%              | 2 Yrs             | 1.00%                | 3.00%      | I         | 7% 1%                    |
| Providentmutual 70750        | SPDA II         | 0-75       | 5.95%              | na                       | nr                | 4.15%              | 4.90%              | 2 Yrs             | 1.00%                | 3.00%      | I         | 7% 1%                    |
| Security Mutual/NY 68772     | SPDA            | 0-80       | 4.75%              | na                       | 4.75%             | 4.75%              | 5.00%              | 1 Year            | 3.75%                | 3.50%      | I         | 5% 0%                    |
| Security Mutual/NY 68772     | SPDA            | 0-80       | 5.00%              | na                       | 5.00%             | 5.25%              | 5.50%              | 3 Yrs             | 4.00%                | 3.50%      | I         | 5% 0%                    |

Survey period: Nov. 5, 1999; nr = product not reported for this issue.

# Deferred Annuities Update

**Table 25. Single Premium Fixed Interest Deferred Annuities - Without Bailout**

| Reporting Companies (NAIC #) | Policy Name      | Issue Ages | Nov. '99 Base Rate | Additional 1st Yr. Bonus | May '99 Base Rate | Nov. '98 Base Rate | Aug. '98 Base Rate | Rate Guar. Period | Guar. Rate | Rnwl Mthd | Surrender Fees Yr 1 Yr 7 |
|------------------------------|------------------|------------|--------------------|--------------------------|-------------------|--------------------|--------------------|-------------------|------------|-----------|--------------------------|
| AIG 66842                    | SPDA             | 0-75       | 6.00%              | 1.50%                    | 5.05%             | 5.05%              | nr                 | 1 Year            | 3.00%      | I         | 6% 0%                    |
| American General 70432       | Envision +II     | 0-85       | nr                 | nr                       | nr                | nr                 | 5.25%              | 1 Year            | 3.00%      | I         | 9% 2%                    |
| American General 70432       | SPDA +2          | 0-85       | nr                 | nr                       | nr                | nr                 | 5.00%              | 1 Year            | 4.00%      | I         | 7% 0%                    |
| American General 70432       | Vision I         | 0-85       | nr                 | nr                       | nr                | nr                 | 5.25%              | 1 Year            | 3.00%      | I         | 9% 5%                    |
| American General 70432       | Ultravision      | 0-85       | nr                 | nr                       | nr                | nr                 | 5.00%              | 1 Year            | 3.00%      | I         | 9% 2%                    |
| American General 70432       | Ultra Extra      | 0-85       | nr                 | nr                       | nr                | nr                 | 5.10%              | 1 Year            | 3.00%      | I         | 8% 2%                    |
| American Heritage 60534      | PFPA             | 0-69       | 5.12%              | na                       | 4.00%             | nr                 | nr                 | na                | 4.00%      | nr        | 10% 2%                   |
| Amer. Int'l Assur./NY 60607  | SPDA             | 0-75       | nr                 | nr                       | nr                | nr                 | 5.50%              | 3 Years           | nr         | I         | 6% 0%                    |
| Canada Life Assurance 80659  | Security I       | 0-80       | 6.00%              | 1.25%                    | 5.00%             | 5.00%              | 5.00%              | 1 Year            | 3.00%      | N         | 7% 2%                    |
| Columbia Universal 77720     | CEO's Choice     | 0-85       | nr                 | nr                       | 6.25%             | nr                 | nr                 | 1 Year            | 4.00%      | I         | 8% 0%                    |
| Columbia Universal 77720     | Heritage         | 0-85       | nr                 | nr                       | 5.25%             | 5.25%              | 5.25%              | 1 Year            | 3.50%      | P         | 9% 2%                    |
| Columbia Universal 77720     | President's      | 0-85       | 6.40%              | 1.00%                    | 5.75%             | nr                 | nr                 | 1 Year            | 4.50%      | I         | 8% 0%                    |
| Commercial Union 62898       | Port. Secure     | 0-85       | nr                 | nr                       | nr                | 4.25%              | 4.40%              | 1 Year            | nr         | P         | 6% 1%                    |
| Conseco Annuity Assur 60682  | SPDA 8           | 0-85       | 5.85%              | 1.00%                    | 5.10%             | 4.95%              | 4.65%              | 1 Year            | 4.00%      | I         | 10% 3%                   |
| Delta Life & Annuity 65145   | SPDA PS          | 0-75       | 6.75%              | .50%                     | nr                | nr                 | nr                 | 1 Year            | 4.00%      | I         | 6% 3%                    |
| Fidelity & Guar. Life 63274  | Fidelity         | 0-85       | nr                 | nr                       | nr                | 5.05%              | 5.00%              | 1 Year            | 3.00%      | I         | 5% 0%                    |
| Fidelity & Guar. Life 63274  | Fidelity +       | 0-85       | nr                 | nr                       | nr                | 4.75%              | nr                 | 1 Year            | 3.00%      | I         | 5% 0%                    |
| Fidelity & Guar. Life 63274  | F & G III        | 0-85       | nr                 | nr                       | nr                | 4.95%              | nr                 | 3 Years           | 3.00%      | I         | 5% 0%                    |
| Fidelity & Guar. Life 63274  | Resolute 4       | 0-85       | nr                 | nr                       | nr                | 4.45%              | 4.70%              | 4 Years           | 3.00%      | I         | 9% 3%                    |
| Fidelity & Guar. Life 63274  | Resolute 5       | 0-85       | nr                 | nr                       | nr                | 5.00%              | 5.25%              | 5 Years           | 3.00%      | I         | 9% 3%                    |
| Fidelity & Guar. Life 63274  | Resolute +       | 0-85       | nr                 | nr                       | nr                | 4.75%              | 5.00%              | 1 Year            | 3.00%      | I         | 9% 3%                    |
| Fidelity & Guar. Life 63274  | Wealthmaster 4   | 0-85       | nr                 | nr                       | nr                | 4.90%              | 5.15%              | 4 Years           | 3.00%      | I         | 9% 3%                    |
| Fidelity & Guar. Life 63274  | Wealthmaster 5   | 0-85       | nr                 | nr                       | nr                | 5.25%              | 5.50%              | 5 Years           | 3.00%      | I         | 9% 3%                    |
| Fidelity & Guar. Life 63274  | Wealthmaster +   | 0-85       | nr                 | nr                       | nr                | 5.20%              | 5.45%              | 1 Year            | 3.00%      | I         | 9% 3%                    |
| Guarantee Life 64181         | Premier Platinum | 0-85       | nr                 | nr                       | nr                | nr                 | 4.80%              | 1 Year            | 3.50%      | P         | 8% 3%                    |
| Jackson National 65056       | Action II        | 0-85       | 5.55%              | 1.45%                    | 5.05%             | 4.05%              | 4.80%              | 1 Year            | 3.00%      | I         | 9% 3%                    |

continued...

Survey period: Nov. '5, 1999; nr = product not reported for this issue.



# Deferred Annuities Update

**Table 25. Single Premium Fixed Interest Deferred Annuities - Without Bailout, cont'd**

| Reporting Companies (NAIC #)    | Policy Name       | Issue Ages | Nov. '99 Base Rate | Additional 1st Yr. Bonus | May '99 Base Rate | Nov. '98 Base Rate | Aug. '98 Base Rate | Rate Guar. Period | Guar. Rate | Rnwl Mthd | Surrender Fees Yr 1 Yr 7 |
|---------------------------------|-------------------|------------|--------------------|--------------------------|-------------------|--------------------|--------------------|-------------------|------------|-----------|--------------------------|
| Jackson National 65056          | Bonus Max         | 0-85       | 6.25%              | 1.25%                    | 5.75%             | 4.75%              | 5.50%              | 1 Year            | 3.00%      | I         | 9% 3%                    |
| Jackson National 65056          | Bonus Max One     | 0-85       | 6.25%              | 3.25%                    | 5.75%             | 4.75%              | 5.50%              | 1 Year            | 3.00%      | I         | 9% 3%                    |
| Jackson National 65056          | Flex I            | 0-85       | nr                 | nr                       | 5.75%             | nr                 | nr                 | 1 Year            | 3.00%      | I         | 12% 3%                   |
| Jefferson Pilot 67865           | Flex Savers Bonus | 0-85       | nr                 | nr                       | nr                | 4.75%              | 5.00%              | 1 Year            | 3.50%      | na        | 7% 2%                    |
| Jefferson Pilot 67865           | Pilot Plus        | 0-85       | nr                 | nr                       | nr                | 5.00%              | 5.05%              | 1 Year            | 3.00%      | na        | 9% 3.5%                  |
| Jefferson Pilot 67865           | Sec. Advantage    | 0-85       | nr                 | nr                       | nr                | 4.95%              | 5.20%              | 1 Year            | 3.50%      | na        | 7% 2%                    |
| Jefferson Pilot 67865           | Secure Plan       | 0-85       | nr                 | nr                       | nr                | nr                 | 5.20%              | 1 Year            | 3.50%      | na        | 7% 2%                    |
| Jefferson Pilot 67865           | Single 3          | 0-85       | nr                 | nr                       | nr                | 5.00%              | 5.00%              | 3 Years           | 3.25%      | na        | 7% 2%                    |
| Jefferson Pilot 67865           | Single 5          | 0-85       | nr                 | nr                       | na                | 4.50%              | 4.75%              | 5 Years           | 6.00%      | P         | -                        |
| Keyport Life 64602              | Key Annuity       | 0-85       | 6.10%              | na                       | 5.15%             | 4.55%              | 5.10%              | 1 Year            | 3.50%      | I         | 7% 0%                    |
| Keyport Life 64602              | Premier 5         | 0-85       | 5.80%              | 1.50%                    | 5.00%             | 4.50%              | nr                 | 5 Years           | 3.50%      | I         | 8% 3%                    |
| Life Insur. Co./Southwest 65528 | Millenium         | 0-70       | 6.00%              | 2.25%                    | nr                | nr                 | nr                 | 2 Years           | 3.00%      | I         | 10% 4%                   |
| Life Insur. Co./Southwest 65528 | SPDA 3            | 0-70       | 6.00%              | 1.00%                    | 5.00%             | 5.00%              | 4.75%              | 2 Years           | 3.00%      | I         | 10% 0%                   |
| Life Insur. Co./Southwest 65528 | SPDA 4            | 0-70       | 6.00%              | 1.50%                    | 5.00%             | 5.00%              | 4.75%              | 2 Years           | 3.00%      | I         | 10% 4%                   |
| Life Insur. Co./Southwest 65528 | SPDA 5            | 0-70       | 6.00%              | 2.00%                    | 5.00%             | 5.00%              | 4.75%              | 2 Years           | 3.00%      | I         | 10% 4%                   |
| Lincoln Benefit 65595           | Opportunist III   | 0-99       | nr                 | nr                       | nr                | 5.00%              | 5.85%              | 1 Year            | 4.00%      | I         | 7% 4%                    |
| Lincoln Benefit 65595           | Opportunist IV    | 0-99       | nr                 | nr                       | nr                | 5.30%              | nr                 | 1 Year            | 4.00%      | I         | 7% 4%                    |
| Lincoln Benefit 65595           | Opportunist V     | 0-99       | nr                 | nr                       | nr                | 4.35%              | nr                 | 1 Year            | 4.00%      | I         | 5% 0%                    |
| Lincoln Benefit 65595           | Saver's Choice    | 0-99       | 5.05%              | 1.50%                    | 4.40%             | 4.75%              | 5.60%              | 1 Year            | 3.00%      | I         | 7% 0%                    |
| Lincoln Benefit 65595           | Saver's Choice+   | 0-99       | 5.75%              | 2.50%                    | 5.10%             | 4.75%              | 5.60%              | 1 Year            | 3.00%      | I         | 7% 3%                    |
| Lincoln Benefit 65595           | Saver's Ch Prem   | 0-99       | 6.25%              | 1.50%                    | 5.50%             | nr                 | nr                 | 2 Years           | 3.00%      | I         | 8% 4%                    |
| Lincoln Benefit 65595           | Saver's Ch Prem   | 0-99       | 6.05%              | 1.50%                    | 5.30%             | nr                 | nr                 | 4 Years           | 3.00%      | I         | 8% 4%                    |
| London Pacific 68934            | Opt. Income+      | 0-80       | nr                 | nr                       | nr                | 6.00%              | 7.00%              | 1 Year            | 3.00%      | na        | 10%                      |
| London Pacific 68934            | Regal Accum 1     | 0-80       | nr                 | nr                       | nr                | 6.30%              | 7.00%              | 1 Year            | 3.00%      | I         | 9%                       |
| London Pacific 68934            | Regal Accum 3     | 0-80       | nr                 | nr                       | nr                | 5.60%              | 6.30%              | 3 Years           | 3.00%      | I         | 9% 4%                    |
| London Pacific 68934            | Regal Accum 5     | 0-90       | 6.50%              | na                       | 6.25%             | 5.30%              | 6.00%              | 5 Years           | 3.00%      | I         | 9% 0%                    |
| continued...                    |                   |            |                    |                          |                   |                    |                    |                   |            |           |                          |

Survey period: Nov. 5, 1999; nr = product not reported for this issue.

# Deferred Annuities Update

**Table 25. cont'd. Single Premium Fixed Interest Deferred Annuities - Without Bailout**

| Reporting Companies (NAIC #) | Policy Name      | Issue Ages | Nov. '99 Base Rate | Additional 1st Yr. Bonus | May '99 Base Rate | Nov. '98 Base Rate | Aug. '98 Base Rate | Rate Guar. Period | Guar. Rate | Rnwl Mthd | Surrender Fees Yr 1 - Yr 7 |
|------------------------------|------------------|------------|--------------------|--------------------------|-------------------|--------------------|--------------------|-------------------|------------|-----------|----------------------------|
| Manufacturers LIC n/a        | SPDA II          | 0-80       | nr                 | nr                       | nr                | nr                 | 4.60%              | 5 Years           | 4.00%      | P         | na                         |
| Manufacturers LIC n/a        | SPDA II          | 0-80       | nr                 | nr                       | nr                | nr                 | 4.35%              | 7 Years           | 4.00%      | P         | na                         |
| National Guardian 66583      | Asset Guard      | 0-90       | nr                 | nr                       | 5.00%             | 5.50%              | 5.50%              | 2 Years           | 3.00%      | I         | 7%                         |
| National Guardian 66583      | SPDA             | 0-85       | nr                 | nr                       | 5.00%             | 5.25%              | 5.25%              | 2 Years           | 4.00%      | I         | 1%                         |
| New York Life                | Lifestages       | na         | nr                 | nr                       | nr                | nr                 | 5.00%              | 1 Year            | 3.00%      | P         | 7%                         |
| Ohio National 89206          | Choice Heritage  | 0-80       | nr                 | nr                       | nr                | 5.35%              | 6.00%              | 1 Year            | 3.00%      | I         | 6%                         |
| Penn Mutual Life 67644       | Diversifier II   | 0-85       | nr                 | nr                       | nr                | 4.06%              | 5.10%              | 1 Year            | 4.00%      | I         | 7%                         |
| Penn Mutual Life 67644       | Diversifier II   | 0-85       | nr                 | nr                       | nr                | 4.00%              | 4.10%              | 3 Years           | 4.00%      | I         | 7%                         |
| Penn Mutual Life 67644       | Diversifier II   | 0-85       | nr                 | nr                       | nr                | 4.00%              | 4.45%              | 5 Years           | 4.00%      | I         | 7%                         |
| Penn Mutual Life 67644       | Diversifier II   | 0-85       | nr                 | nr                       | nr                | 4.15%              | 4.50%              | 7 Years           | 4.00%      | I         | 7%                         |
| Penn Mutual Life 67644       | Tradewind        | 0-85       | nr                 | nr                       | nr                | 4.60%              | 4.90%              | 1 Year            | 3.00%      | I         | 9%                         |
| Presidential 68039           | Secure 6         | 0-85       | 6.70%              | na                       | nr                | nr                 | nr                 | 6 Years           | 5.00%      | I         | 7%                         |
| Presidential 68039           | SPDA             | 0-85       | 7.05%              | na                       | 6.25%             | 6.00%              | 6.45%              | 1 Year            | 5.00%      | I         | 6%                         |
| Principal Mutual 61271       | SPDA+            | 0-95       | 6.00%              | 1.00%                    | 5.20%             | 4.30%              | 4.90%              | 1 Year            | 3.00%      | I         | 6%                         |
| Providentmutual L&A 70750    | SPDA III         | 0-75       | 6.45%              | na                       | nr                | 4.65%              | 5.40%              | 2 Years           | 3.00%      | I         | 3%                         |
| Providentmutual L&A 70750    | SPDA IV          | 0-75       | 5.75%              | 1.40%                    | nr                | 3.95%              | 4.70%              | 2 Years           | 3.00%      | I         | 5%                         |
| Providentmutual L&A 70750    | SPDA V           | 0-75       | 5.75%              | 1.00%                    | nr                | 3.95%              | 4.70%              | 1 Year            | 3.00%      | I         | 7%                         |
| Reliance Standard 68381      | Apollo-MVA       | 0-85       | nr                 | nr                       | 5.20%             | nr                 | 5.00%              | 1 Year            | 3.00%      | I         | 9%                         |
| Reliance Standard 68381      | Apollo-SP        | 0-85       | nr                 | nr                       | nr                | nr                 | 4.70%              | 1 Year            | 3.00%      | P         | 9%                         |
| Reliance Standard 68381      | Athena-MVA       | 0-85       | nr                 | nr                       | 5.20%             | nr                 | 5.00%              | 1 Year            | 3.00%      | I         | 9%                         |
| Reliance Standard 68381      | Athena SP        | 0-85       | nr                 | nr                       | nr                | nr                 | 4.70%              | 1 Year            | 3.00%      | P         | 9%                         |
| SAFECO LIC 66608             | QPA III +        | 0-75       | nr                 | nr                       | nr                | nr                 | 4.75%              | 1 Year            | 4.34%      | I         | 9%                         |
| SAFECO LIC 66608             | QPA V +          | 0-75       | nr                 | nr                       | nr                | nr                 | 4.80%              | 1 Year            | 3.00%      | I         | 8%                         |
| Security Benefit 68675       | Sec. Premier I   | 0-90       | 6.00%              | 1.00%                    | 5.30%             | 5.25%              | 5.25%              | 1 Year            | 3.50%      | I         | 8%                         |
| Security Benefit 68675       | Sec. Premier III | 0-90       | 5.00%              | 1.00%                    | 4.75%             | 5.00%              | 5.00%              | 1 Years           | 3.50%      | I         | 8%                         |
| Security Benefit 68675       | Secur. Prov. I   | 0-90       | 6.00%              | 2.00%                    | 5.30%             | 5.25%              | 5.25%              | 1 Year            | 3.50%      | I         | 9%                         |
| Security Benefit 68675       | Secur. Prov. III | 0-90       | 5.60%              | .75%                     | 4.75%             | 5.00%              | 5.00%              | 1 Year            | 3.00%      | I         | 7%                         |

Survey period: Nov. 5, 1999; nr = product not reported for this issue.

# Deferred Annuities Update

**Table 25. cont'd. Single Premium Fixed Interest Deferred Annuities - Without Bailout**

| Reporting Companies (NAIC #) | Policy Name       | Issue Ages | Nov. '99 Base Rate | Additional 1st Yr. Bonus | May '99 Base Rate | Nov. '98 Base Rate | Aug. '98 Base Rate | Rate Guar. Period | Guar. Rate | Rnwl Mthd | Surrender Fees Yr 1 Yr 7 |
|------------------------------|-------------------|------------|--------------------|--------------------------|-------------------|--------------------|--------------------|-------------------|------------|-----------|--------------------------|
| Security Mutual/NY 68772     | SPDA              | 0-80       | 5.00%              | na                       | 5.00%             | 5.00%              | 5.25%              | 1 Year            | 3.50%      | I         | 5% 0%                    |
| Security Mutual/NY 68772     | SPDA              | 0-80       | 5.25%              | na                       | 5.25%             | 5.50%              | 5.75%              | 3 Years           | 3.50%      | I         | 5% 0%                    |
| Southwestern LIC 91391       | Advantage 7       | 0-80       | 4.45%              | 1.00%                    | 4.00%             | 4.65%              | 4.90%              | 1 Year            | 3.50%      | I         | 8% 2%                    |
| Southwestern LIC 91391       | Golden Bonus      | 0-85       | 4.50%              | 2.50%                    | 4.05%             | 4.70%              | 4.95%              | 1 Year            | 3.00%      | I         | 12% 9%                   |
| Southwestern LIC 91391       | Income Prov. Adv. | 0-80       | 4.70%              | 1.00%                    | 4.25%             | 4.90%              | 5.15%              | 2 Years           | 4.00%      | I         | 10% 7%                   |
| Standard Insurance 69019     | SPDA              | 0-80       | nr                 | nr                       | nr                | nr                 | 5.18%              | 1 Year            | 3.00%      | I         | 7% 1%                    |
| Standard Insurance 69019     | Advanced Rate     | 0-80       | nr                 | nr                       | nr                | nr                 | 6.08%              | 1 Year            | 3.00%      | I         | 7% 1%                    |
| Trustmark Life 62863         | SPDA Plus         | 0-75       | nr                 | nr                       | nr                | nr                 | 6.10%              | 1 Year            | 4.00%      | P         | 7% 0%                    |
| United of Omaha LIC 69868    | Ultrannuity       | 0-89       | 6.05%              | 1.00%                    | 5.25%             | 5.05%              | 5.10%              | 1 Years           | 3.00%      | nr        | 7% 0%                    |
| United of Omaha LIC 69868    | Ultrannuity       | 0-89       | 5.90%              | 0.35%                    | 5.00%             | 4.80%              | 4.95%              | 3 Years           | 3.00%      | nr        | 7% 0%                    |
| United Teacher Assoc. 63479  | SPDA-8            | 0-90       | nr                 | nr                       | 6.00%             | 6.00%              | nr                 | 1 Years           | 3.50%      | P         | 9% 3%                    |
| USG Annuity & Life 61247     | Adv. Platinum     | 0-85       | nr                 | nr                       | nr                | nr                 | 5.75%              | 8 Years           | 3.00%      | I         | 5% 3%                    |
| USG Annuity & Life 61247     | Interest Builder  | 0-85       | nr                 | nr                       | 5.00%             | 5.00%              | 5.00%              | 1 Year            | 3.00%      | I         | 10% 3%                   |
| USG Annuity & Life 61247     | MVA Cornerstone   | 0-85       | 5.60%              | 3.00%                    | 4.45%             | nr                 | 4.50%              | 1 Year            | 3.00%      | I         | 9% 3%                    |
| USG Annuity & Life 61247     | MVA 3             | 0-85       | nr                 | nr                       | nr                | nr                 | 4.00%              | 1 Year            | 3.00%      | I         | 9% 2%                    |
| USG Annuity & Life 61247     | MVA 9             | 0-85       | 6.50%              | 1.00%                    | 5.20%             | nr                 | 5.00%              | 1 Year            | 3.00%      | I         | 9% 3%                    |
| USG Annuity & Life 61247     | Select Guar       | na         | nr                 | nr                       | nr                | nr                 | 5.75%              | 8 Years           | 3.00%      | -         | - -                      |
| USG Annuity & Life 61247     | Sterling Plus     | 0-85       | nr                 | nr                       | 5.00%             | nr                 | nr                 | 1 Year            | 3.00%      | P         | 7% 3%                    |

Survey period: Nov. 5, 1999; nr = product not reported for this issue.

**Table 26. Single Premium Certificates of Annuity With Free Surrender Every Anniversary Date**

| Reporting Companies (NAIC #) | Policy Name    | Issue Ages | May '98 Full Rate |       | Nov. '98 Full Rate |       | Aug. '98 Full Rate | Rate Guar. Period | Penalty for Excess Withdrawals Taken Mid-Year (Non-Anniversary Date) |    |    |    |    |    |    |    |    |
|------------------------------|----------------|------------|-------------------|-------|--------------------|-------|--------------------|-------------------|--|----|----|----|----|----|----|----|----|
|                              |                |            |                   |       |                    |       |                    |                   | 1  | 2  | 3  | 4  | 5  | 6  | 7  | 8  | 9  |
| Columbia Universal 77720     | Your Choice    | 0-85       | nr                | 5.00% | 4.50%              | 4.95% | 3 mos.             | 3 mos.            | 2%   | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% |
| Commercial Union 52898       | Select Rate 1  | 0-85       | nr                | nr    | 3.25%              | 3.85% | 1 Year             | 1 Year            | 6%   | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% |
| Lincoln Benefit 65595        | Tactician 10   | 0-99       | nr                | nr    | 4.25%              | 4.55% | 1 Year             | 1 Year            | 6%   | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% |
| Providentmutual L&A 70750    | Asset Accumul. | 0-75       | 4.92%             | nr    | 3.97%              | 4.65% | 1 Year             | 1 Year            | 3%   | 3% | 3% | 3% | 3% | 3% | 3% | nr | nr |

Survey period: Nov. 5, 1999; nr = product not reported for this issue.

# Deferred Annuities Update

**Table 27. Single Premium Certificates of Annuity Without Surrender Charges on Maturity Date**

| Reporting Companies (NAIC #) | Policy Name    | Issue Ages | Nov. '99 Full Rate | May '99 Full Rate | Nov. '98 Full Rate | Aug. '98 Full Rate | Yield Guar. Period | Penalty for Excess Withdrawals Made Prior to Contract Maturity |    |    |    |    |    |    |    |    |    |
|------------------------------|----------------|------------|--------------------|-------------------|--------------------|--------------------|--------------------|--|----|----|----|----|----|----|----|----|----|
|                              |                |            |                    |                   |                    |                    |                    | 1  | 2  | 3  | 4  | 5  | 6  | 7  | 8  | 9  | 10 |
| Columbia Univ. 77720         | Your Choice    | unlimited  | 5.25%              | nr                | nr                 | nr                 | all                | 2%   | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% |
| Comm. Union 62898            | Select Rate 3  | 0-85       | nr                 | nr                | 4.00%              | 4.10%              | 3 Yrs              | 6%   | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% |
| Comm. Union 62898            | Select Rate 5  | 0-85       | nr                 | nr                | 4.10%              | 4.25%              | 5 Yrs              | 6%   | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% |
| Comm. Union 62898            | Select Rate 7  | 0-85       | nr                 | nr                | 4.25%              | 4.50%              | 7 Yrs              | 6%   | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% |
| Comm. Union 62898            | Select Rate 10 | 0-85       | nr                 | nr                | 5.05%              | 4.90%              | 10 Yrs             | 6%   | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% |
| Lincoln Benefit 65595        | Tactician 10   | 0-99       | 6.60%              | 5.70%             | 5.90%              | 7.05%              | 10 Yrs             | 6%   | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% |
| Lincoln Benefit 65595        | Tactician 10   | 0-99       | 6.40%              | 5.50%             | 5.50%              | 6.95%              | 9 Yrs              | 6%   | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% |
| Lincoln Benefit 65595        | Tactician 10   | 0-99       | 6.30%              | 5.40%             | 5.40%              | 6.85%              | 8 Yrs              | 6%   | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% |
| Lincoln Benefit 65595        | Tactician 10   | 0-99       | 6.20%              | 5.30%             | 5.30%              | 6.75%              | 7 Yrs              | 6%   | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% |
| Lincoln Benefit 65595        | Tactician 10   | 0-99       | 6.10%              | 5.15%             | 5.15%              | 6.65%              | 6 Yrs              | 6%   | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% |
| Lincoln Benefit 65595        | Tactician 10   | 0-99       | 6.00%              | 5.00%             | 5.00%              | 6.55%              | 5 Yrs              | 6%   | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% |
| Lincoln Benefit 65595        | Tactician Plus | 0-90       | 6.90%              | 6.00%             | nr                 | nr                 | 10 Yrs             | 8%   | 8% | 8% | 7% | 6% | 5% | 4% | 3% | 2% | 1% |
| Lincoln Benefit 65595        | Tactician Plus | 0-90       | 6.50%              | 5.60%             | nr                 | nr                 | 9 Yrs              | 8%   | 8% | 8% | 7% | 6% | 5% | 4% | 3% | 2% | 1% |
| Lincoln Benefit 65595        | Tactician Plus | 0-90       | 6.50%              | 5.60%             | nr                 | nr                 | 8 Yrs              | 8%   | 8% | 8% | 7% | 6% | 5% | 4% | 3% | 2% | 1% |
| Lincoln Benefit 65595        | Tactician Plus | 0-90       | 6.50%              | 5.60%             | nr                 | nr                 | 7 Yrs              | 8%   | 8% | 8% | 7% | 6% | 5% | 4% | 3% | 2% | 1% |
| Lincoln Benefit 65595        | Tactician Plus | 0-90       | 7.00%              | 6.10%             | nr                 | nr                 | 6 Yrs              | 8%   | 8% | 8% | 7% | 6% | 5% | 4% | 3% | 2% | 1% |
| Lincoln Benefit 65595        | Tactician Plus | 0-90       | 6.25%              | 5.25%             | nr                 | nr                 | 5 Yrs              | 8%   | 8% | 8% | 7% | 6% | 5% | 4% | 3% | 2% | 1% |
| Lincoln Benefit 65595        | Tactician Plus | 0-90       | 4.70%              | 4.25%             | nr                 | nr                 | 1 Yr               | 8%   | 8% | 8% | 7% | 6% | 5% | 4% | 3% | 2% | 1% |
| Reliance Standard 68381      | Elektra 6810   | 0-85       | nr                 | 6.75%             | nr                 | 5.85%              | 10 Yrs             | 7%   | 6% | 5% | 4% | 4% | 3% | 2% | 1% | -  | -  |
| Reliance Standard 68381      | Elektra 579    | 0-85       | nr                 | 6.30%             | nr                 | 5.41%              | 9 Yrs              | 7%   | 6% | 5% | 5% | 4% | 3% | 2% | 1% | -  | -  |
| Reliance Standard 68381      | Elektra 6810   | 0-85       | nr                 | 6.75%             | nr                 | 5.87%              | 8 Yrs              | 7%   | 6% | 5% | 5% | 4% | 3% | 2% | 1% | -  | -  |
| Reliance Standard 68381      | Elektra 579    | 0-85       | nr                 | 7.00%             | nr                 | 5.14%              | 7 Yrs              | 7%   | 6% | 6% | 5% | 4% | 3% | 2% | -  | -  | -  |
| Reliance Standard 68381      | Elektra 6810   | 0-85       | nr                 | 6.55%             | nr                 | 5.72%              | 6 Yrs              | 7%   | 6% | 6% | 5% | 4% | 3% | -  | -  | -  | -  |
| Reliance Standard 68381      | Elektra 579    | 0-85       | nr                 | 6.00%             | nr                 | 5.20%              | 5 Yrs              | 7%   | 7% | 6% | 5% | 4% | -  | -  | -  | -  | -  |
| USG Annuity & Life           | Select Guar.   | 0-85       | 7.00%              | 9.00%             | 8.50%              | 9.00%              | 6 Yrs              | 9%   | 8% | 7% | 6% | 5% | 4% | 0% | 0% | 0% | 0% |

Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity.

**Table 28. Flexible Premium Fixed Interest Deferred Annuities - With Bailout**

| Reporting Companies      | Policy Name    | Issue Ages | Nov. '99 Base Rate | Additional 1st Year Bonus | May '99 Base Rate | Nov. '98 Base Rate | Aug. '98 Base Rate | Rate Guar. Period | Bail-out Escape Rate | Guar. Rate | Rnw/ Method | Surrender Fees Yr 1 |
|--------------------------|----------------|------------|--------------------|---------------------------|-------------------|--------------------|--------------------|-------------------|----------------------|------------|-------------|---------------------|
|                          |                |            |                    |                           |                   |                    |                    |                   |                      |            |             |                     |
| AIG 66842                | FPDA           | 0-80       | 6.00%              | .50%                      | nr                | 5.05%              | nr                 | 1 Year            | 1.00%                | nr         | I           | 7%                  |
| AIG 66842                | Future Freedom | 0-80       | nr                 | nr                        | 5.05%             | nr                 | nr                 | 1 Year            | 4.05%                | 3.00%      | I           | 7%                  |
| Prudential Life 68241    | Dis. Classic   | 0-85       | nr                 | nr                        | 5.50%             | nr                 | nr                 | 1 year            | -                    | 3.00%      | I           | 6%                  |
| Security Mutual/NY 68772 | FPA            | 0-80       | 4.75%              | na                        | 4.75%             | 4.75%              | 5.00%              | 1 Year            | inoperable           | 4.50%      | nr          | 7%                  |

Survey period: Nov. 5, 1999; nr = not reported for this issue.

# Deferred Annuities Update

**Table 29. Flexible Premium Fixed Interest Deferred Annuities - Without Bailout**

| Reporting Companies (NAIC #)    | Policy Name      | Issue Ages | May '99 Base Rate | Additional 1st Yr. Bonus | May '99 Base Rate | Nov. '98 Base Rate | Aug. '98 Base Rate | Rate Guar. Period | Guar. Rate | Rnwl Mthd | Surrender Fees Yr 1 | Yr 7 |
|---------------------------------|------------------|------------|-------------------|--------------------------|-------------------|--------------------|--------------------|-------------------|------------|-----------|---------------------|------|
| AIG Life 66842                  | FPDA             | 0-80       | 6.00%             | 1.00%                    | nr                | 5.05%              | 5.50%              | 1 Year            | 3.00%      | I         | 7%                  | 0%   |
| AIG Life 66842                  | Future Freedom   | 0-80       | nr                | nr                       | 5.05%             | nr                 | nr                 | 1 Year            | 3.00%      | I         | 7%                  | 0%   |
| American General 70432          | FPDA Plus III    | 0-70       | nr                | nr                       | nr                | nr                 | 5.25%              | -                 | 3.00%      | I         | 8%                  | 2%   |
| American General 70432          | Vision Flex      | 0-70       | nr                | nr                       | nr                | nr                 | 5.50%              | -                 | 3.00%      | I         | 10%                 | 6%   |
| American Heritage Life 60534    | PFPDA            | 0-69       | nr                | nr                       | nr                | 5.13%              | 5.38%              | -                 | 4.00%      | I         | 10%                 | 2%   |
| Canada Life 81060               | Security 1 Plus  | 0-90       | 6.00%             | 1.25%                    | 5.00%             | 5.00%              | 5.00%              | 1 Year            | 3.00%      | N         | 7%                  | 2%   |
| Columbia Universal 77720        | American         | 0-85       | nr                | nr                       | 6.25%             | nr                 | nr                 | contract          | 4.50%      | P         | 8%                  | 0%   |
| Columbia Universal 77720        | Flex Choice      | 0-85       | 6.40%             | 1.00%                    | 5.75%             | nr                 | nr                 | 1 Year            | 4.50%      | I         | 8%                  | 0%   |
| Columbia Universal 77720        | FPDA II          | 0-65       | nr                | nr                       | nr                | 5.50%              | 5.50%              | 1 Year            | 4.50%      | P         | 10%                 | 4%   |
| Commercial Union 62898          | Alliance Flex 10 | 0-85       | nr                | nr                       | nr                | 5.28%              | 5.62%              | 1 month           | 3.50%      | P         | 10%                 | 4%   |
| Commercial Union 62898          | Alliance Plus    | 0-85       | nr                | nr                       | nr                | 5.28%              | 5.62%              | 1 month           | 3.50%      | P         | 10%                 | 4%   |
| Conseco Annuity Assurance 60682 | FPDA - 81        | 0-85       | 5.80%             | 3.00%                    | 5.05%             | 5.05%              | 4.60%              | 1 Year            | 3.00%      | nr        | 12%                 | 7%   |
| Delta Life & Annuity            | FP Front Load    | 0-99       | 7.00%             | .50%                     | nr                | nr                 | nr                 | 1 Year            | 4.00%      | nr        | 5%                  | 0%   |
| Fidelity & Guar. Life           | F&G III          | 0-85       | nr                | nr                       | nr                | nr                 | 5.20%              | 3 Years           | 3.00%      | I         | 5%                  | 0%   |
| Fidelity & Guar. 63274          | Fidelity         | 0-85       | nr                | nr                       | nr                | 5.05%              | 5.30%              | 1 Year            | 3.00%      | -         | 5%                  | 0%   |
| Guarantee LIC 64181             | Premier Flex     | 0-70       | nr                | nr                       | nr                | nr                 | 4.60%              | 1 Year            | 3.50%      | -         | 11%                 | 6%   |
| Jackson National LIC 65056      | Flex I           | 0-85       | 6.25%             | na                       | nr                | 4.75%              | 5.50%              | 1 Year            | 3.00%      | I         | 12%                 | 3%   |
| Jefferson Pilot LIC 67865       | FPDA             | 0-75       | nr                | nr                       | nr                | 4.85%              | 5.10%              | 1 Year            | 3.50%      | I         | 9%                  | 5%   |
| Jefferson Pilot LIC 68765       | Flex 5           | 0-85       | nr                | nr                       | nr                | 4.90%              | 5.15%              | 1 Year            | 3.25%      | -         | 7%                  | 0%   |
| Jefferson Pilot LIC 68765       | Flex 6           | 0-85       | nr                | nr                       | nr                | 4.85%              | 5.10%              | 1 Year            | 3.25%      | -         | 7%                  | 0%   |
| Jefferson Pilot LIC 67865       | Flex 7           | 0-85       | nr                | nr                       | nr                | 4.80%              | 5.05%              | 1 Year            | 3.25%      | na        | 7%                  | 2%   |
| Jefferson Pilot LIC 68765       | Flex 8           | 0-85       | nr                | nr                       | 5.70%             | 5.15%              | 5.00%              | 1 Year            | 3.25%      | P         | -                   | -    |
| Continued...                    |                  |            |                   |                          |                   |                    |                    |                   |            |           |                     |      |

Survey period: Nov. 5, 1999; nr = product not reported for this issue.

# Deferred Annuities Update

**Table 29. Cont'd. Flexible Premium Fixed Interest Deferred Annuities - Without Bailout**

| Reporting Companies (NAIC #) | Policy Name     | Issue Ages | Nov. '99 Base Rate | Additional 1st Yr. Bonus | May '99 Base Rate | Nov. '98 Base Rate | Aug. '98 Base Rate | Rate Guar. Period | Guar. Rate | Rnwl Mthd | Surrender Fees Yr 1 | Surrender Fees Yr 7 |
|------------------------------|-----------------|------------|--------------------|--------------------------|-------------------|--------------------|--------------------|-------------------|------------|-----------|---------------------|---------------------|
| Keyport Life 64602           | Key Addition    | 0-85       | nr                 | nr                       | nr                | nr                 | 4.90%              | 1 Year            | 3.50%      | I         | 7%                  | 3%                  |
| Keyport Life 64602           | Key Accum       | 0-80       | 5.95%              | 1.00%                    | 4.85%             | 4.50%              | nr                 | 1 Year            | 3.00%      | I         | 7%                  | 0%                  |
| Life/Southwest 65528         | Flex 3000       | 0-80       | 6.00%              | 1.00%                    | 5.00%             | 4.50%              | 4.75%              | 2 Yrs.            | 3.00%      | I         | 7%                  | 1%                  |
| Lincoln Benefit 65595        | Futurist Gold I | 0-99       | 5.10%              | 1.00%                    | 5.10%             | 5.60%              | 5.60%              | 1 Year            | 3.00%      | P         | 7%                  | 3%                  |
| London Pacific 68934         | Future Guard II | no limit   | 6.25%              | na                       | 6.00%             | 5.50%              | 6.00%              | 1 Year            | 3.00%      | P         | 12%                 | 8%                  |
| London Pacific 68934         | Royal Guard     | 0-80       | nr                 | nr                       | nr                | 5.50%              | 6.00%              | 1 Year            | 3.00%      | P         | 7%                  | 0%                  |
| National Guardian 66584      | Super Flex      | 0-85       | nr                 | nr                       | 5.00%             | 5.50%              | 5.50%              | 2 Years           | 4.00%      | I         | 10%                 | 6%                  |
| Ohio National 89206          | Prime I         | 0-75       | nr                 | nr                       | nr                | 5.30%              | 6.00%              | -                 | -          | I         | 8%                  | 3%                  |
| Penn Mutual Life 67644       | Divers. II      | 0-85       | nr                 | nr                       | nr                | 4.06%              | 5.10%              | 1 Year            | 4.00%      | I         | 7%                  | 2.5%                |
| Penn Mutual Life 67644       | Divers. II      | 0-85       | nr                 | nr                       | nr                | 4.00%              | 4.10%              | 3 Years           | 4.00%      | I         | 7%                  | 2.5%                |
| Penn Mutual Life 67644       | Divers. II      | 0-85       | nr                 | nr                       | nr                | 4.00%              | 4.45%              | 5 Years           | 4.00%      | I         | 7%                  | 2.5%                |
| Penn Mutual Life 67644       | Divers. II      | 0-85       | nr                 | nr                       | nr                | 4.15%              | 4.50%              | 7 Years           | 4.00%      | I         | 7%                  | 2.5%                |
| Principal LIC 61271          | FPDA            | 0-85       | nr                 | nr                       | 4.90%             | nr                 | nr                 | 1 Year            | 4.00%      | I         | 7%                  | 3%                  |
| Presidential 68039           | No Load Flex    | 0-85       | 6.90%              | na                       | 6.10%             | 5.85%              | 6.30%              | 1 Cal. Yr.        | 5.00%      | I         | 7%                  | 4%                  |
| Presidential (q) 68039       | TSA-Loan        | 0-85       | 6.90%              | na                       | 6.10%             | 5.85%              | 6.30%              | 1 Cal. Yr.        | 5.00%      | I         | 7%                  | 4%                  |
| Principal Mutual LIC 61271   | FPDA            | 0-85       | 5.70%              | na                       | nr                | 4.30%              | 4.90%              | 1 Year            | 4.00%      | I         | 7%                  | 3%                  |
| Providentmutual 70750        | LTD             | 0-85       | 6.35%              | 1.00%                    | nr                | 4.55%              | 5.30%              | 1 Year            | 3.00%      | I         | 10%                 | 3%                  |
| Prudential 68241             | Discovery       | 0-85       | nr                 | nr                       | nr                | nr                 | 4.20%              | 6 Yrs.            | 3.10%      | I         | 7%                  | 0%                  |
| Prudential 68241             | FIP             | 0-85       | nr                 | nr                       | 5.00%             | -                  | nr                 | 1 Year            | 3.00%      | I         | 6%                  | 0%                  |
| SAFECO LIC (q) 68608         | QPA III         | 0-75       | nr                 | nr                       | nr                | nr                 | 4.75%              | 6 Mos.            | 4.34%      | I         | 9%                  | 4%                  |
| SAFECO LIC (q) 68608         | QPA V           | 0-75       | nr                 | nr                       | nr                | nr                 | 4.55%              | 6 Mos.            | 3.00%      | I         | 8%                  | 2%                  |
| SAFECO LIC (q) 68608         | Preference FP   | 0-75       | nr                 | nr                       | nr                | nr                 | 5.50%              | 1 Year            | 3.00%      | I         | 6%                  | 3%                  |

continued...

Survey period: Nov. 5, 1999; nr = product not reported for this issue.

<sup>2</sup>Formerly Provident Life & Health

# Deferred Annuities Update

**Table 29. Cont'd. Flexible Premium Fixed Interest Deferred Annuities - Without Bailout**

| Reporting Companies (NAIC #) | Policy Name    | Issue Ages | Nov. '99 Base Rate | 1st Yr. Bonus Amount | May '99 Base Rate | Nov. '98 Base Rate | Aug. '98 Base Rate | Rate Guar. Period | Guar. Rate | Rnw'l Mthd | Surrender Fees Yr 1 | Yr 7 |
|------------------------------|----------------|------------|--------------------|----------------------|-------------------|--------------------|--------------------|-------------------|------------|------------|---------------------|------|
| Security Benefit 68675       | Secur. Mark    | 0-75       | 5.25%              | na                   | 5.00%             | 5.00%              | 5.10%              | na                | 3.50%      | I          | 8%                  | 2%   |
| Southwestern LIC 91391       | Flex-Rite      | 0-75       | 5.65%              | na                   | 5.65%             | 5.75%              | 5.90%              | na                | 4.00%      | P          | 7%                  | 2%   |
| Standard Insur. Co 69019     | FPDA           | 0-80       | nr                 | nr                   | nr                | nr                 | nr                 | 1 Year            | 3.00%      | I          | 7%                  | 3%   |
| Trustmark 62863              | Flex 25        | 0-75       | nr                 | nr                   | nr                | nr                 | 6.00%              | 1 Year            | 4.00%      | P          | 10%                 | 2%   |
| United of Omaha 69868        | Bonus Flex.    | 0-85       | 5.65%              | 1.00%                | 4.50%             | 4.25%              | 4.75%              | 1 Year            | 4.00%      | I          | 10%                 | 0%   |
| United Teachers 63479        | Flex-Bonus     | 0-75       | 6.25%              | 5.00%                | 6.25%             | 6.25%              | nr                 | 1 Year            | 4.00%      | P          | 30%                 | 8%   |
| USG Annuity & Life 61247     | Advant. Silver | 0-85       | nr                 | nr                   | nr                | nr                 | 4.75%              | 1 Year            | 3.00%      | I          | 9%                  | 2%   |
| USG Annuity & Life 61247     | Flex Builder   | 0-85       | 5.75%              | 3.00%                | 5.25%             | nr                 | nr                 | 1 Year            | 3.00%      | I          | 12%                 | 7%   |
| USG Annuity & Life 61247     | Flex 9         | 0-85       | nr                 | nr                   | nr                | 4.25%              | 4.60%              | 1 Year            | 3.00%      | I          | 9%                  | 3%   |
| USG Annuity & Life 61247     | Flex 15        | 0-70       | nr                 | nr                   | nr                | nr                 | 4.60%              | 1 Year            | 3.00%      | I          | 22%                 | 13%  |

Survey period: Nov. 5, 1999; nr = product not reported for this issue.



# Split Annuities Update



plit annuities (also called Combination annuities) are essentially a hybrid product combining the features of a Certificate of Annuity (Table 23) and a Period Certain immediate annuity (Table 1). These annuities provide immediate cash-flow and a guarantee that the initial purchase amount is returned at the end of a specified period of time (in Table 25 below, at the end of 5 years and 7 years).

The figures in Table 25 are based on an investment of \$100,000. Column headed "Annual Interest Rate" indicates the rate earned on the deferred portion of the split annuity for the life of the contract (either five or seven years as illustrated). "Deferred Annuity Premium" column gives the amount of the original investment that is allocated to the deferred annuity portion of the contract. This is the amount set aside for the deferred

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

**Table 30. 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     | Guaran. 5 & SPIA   | 0-85       | \$72,988                 | 6.50%                | \$27,012               | \$512.40              | na                       | na                   | na                     | na                    |
| Jefferson Pilot LIC 67865    | Split Annuity      | nr         | \$75,673                 | 6.60%                | \$24,326               | \$448.83              | \$66,753                 | 6.25%                | \$33,246               | \$466.39              |
| Lincoln Benefit 65595        | Saver's Choice     | 0-99       | \$77,216                 | 5.31%                | \$22,783               | \$411.11              | na                       | na                   | na                     | na                    |
| London Pacific 68934         | Split Annuity      | 0-90       | \$72,988                 | 6.50%                | \$27,012               | \$502.18              | \$67,308                 | 7.75%                | \$32,692               | \$459.17              |
| Presidential (nq) 68039      | Combi-annuity      | 0-85       | \$73,159                 | 6.45%                | \$26,840               | \$501.84              | na                       | na                   | na                     | na                    |
| Providentmutual 70750        | SPDA II & SPIA     | 0-75       | \$75,792                 | 5.70%                | \$24,208               | \$429.98              | na                       | na                   | na                     | na                    |
| USG Annuity & Life 61247     | Select Guar. (5yr) | 0-85       | \$72,137                 | 6.75%                | \$27,863               | \$522.12              | \$65,418                 | 6.25%                | \$34,582               | \$492.82              |

Survey period: Nov. 5, 1999



# Equity Indexed Annuities Update

**E**quity 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.

# Equity Indexed Annuities Update

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

erating a wave of interest because they combine features of traditional 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 31. Single Premium Equity Indexed Annuities**

| Reporting Companies       | Policy Name            | Term   | Index Structure | When Potential Gains are Recognized, locked in and | Guar. Base/ Guar. Rate | Participation Rate | Cap      | Yield Spread (admin. fee) |
|---------------------------|------------------------|--------|-----------------|--|------------------------|--------------------|----------|---------------------------|
| Conseco Annuity Assurance | 60682 SPDA 500         | 8 yrs  | 12 Mo. Avg.     | Annually   | 90%/3%                 | 90%                | none     | none                      |
| Jackson National          | 65056 ELI Multi-Index  | 9 yrs  | Point to Point  | End of Term  | 100%/3%                | 70%                | none     | none                      |
| Jackson National          | 65056 ELI Multi-Index  | 7 yrs  | Point to Point  | End of Term  | 100%/3%                | 65%                | none     | none                      |
| Jackson National          | 65056 ELI Multi-Index  | 5 yrs  | Point to Point  | End of Term  | 100%/3%                | 55%                | none     | none                      |
| Jackson National          | 65056 ELI Multi-Index  | 3 yrs  | Point to Point  | End of Term  | 100%/3%                | 40%                | none     | none                      |
| Jackson National          | 65056 ELI Multi-Index  | 1 yrs  | Point to Point  | End of Term  | 100%/3%                | 20%                | none     | none                      |
| Jackson National          | 65056 Elite 500        | 9 yrs  | Point to Point  | End of Term  | 100%/3%                | 85%                | none     | none                      |
| Jackson National          | 65056 Elite 500        | 7 yrs  | Point to Point  | End of Term  | 100%/3%                | 75%                | none     | none                      |
| Jefferson Pilot           | 67865 Choice Flex      | 12 yrs | Annual Reset    | Annually   | 300%/87.5              | 100%               | none     | 4.5%                      |
| Keyport Life              | 64602 KeyIndex         | 7 yrs  | High Water Mark | Annually   | 90%/3%                 | 50%                | 10%      | none                      |
| Keyport Life              | 64602 Multipoint       | 7 yrs  | High Water Mark | Annually   | 90%/3%                 | 100%               | none     | none                      |
| Life Southwest            | Secure-S               | 6 yrs  | Annual Reset    | Annually   | 90%/3%                 | 100%               | 10%/yr   | none                      |
| Lincoln Benefit           | 65595 Savers's Index I | 7 yrs  | Annual Reset    | Annually   | 90%/3%                 | 60%                | 13.5%/yr | none                      |
| Lincoln Benefit           | 65595 Saver's Index II | 7 yrs  | Annual Reset    | Annually   | 90%/3%                 | 85%                | none     | none                      |
| USG Annuity & Life        | 61247 Advantage Index  | 9 yrs  | Point to Point  | End of Term  | 100%/3%                | 100%               | none     | none                      |
| USG Annuity & Life        | 61247 Generation Pro   | 9 yrs  | Point to Point  | End of Term  | 90%/3%                 | 100%               | none     | 1.80%                     |
| USG Annuity & Life        | 61247 Heritage         | 1 yr   | Annual Reset    | Annually   | 90%/3%                 | 100%               | none     | 3.25%                     |
| USG Annuity & Life        | 61247 Heritage         | 9 yrs  | Point to Point  | End of Term  | 90%/3%                 | 100%               | none     | 1.75%                     |

Survey period: Nov. 5, 1999

# 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 this information:

| State         | Max. aggregate benefits for all lines of insurance | Max. death benefit with respect to any one life | Max. liability for cash or withdrawal value of life insurance policy | Max. liability for present value of an annuity contract | Insurance Commissioners' Phone Numbers |
|---------------|--|---|--|---|--|
| Alabama       | \$300,000  | -   | \$100,000  | \$100,000   | (334) 269-3550                         |
| Alaska        | \$300,000  | \$300,000                                       | \$100,000  | \$100,000   | (907) 465-2515                         |
| Arizona       | \$300,000  | -   | \$100,000  | \$100,000   | (602) 912-8400                         |
| Arkansas      | \$300,000  | \$100,000                                       | \$100,000  | \$100,000   | (501) 371-2600                         |
| California    | \$250,000  | \$250,000                                       | \$100,000  | \$100,000   | (916) 492-3500                         |
| Colorado      | \$300,000  | \$300,000                                       | \$100,000  | \$100,000   | (303) 894-7499                         |
| Connecticut   | \$300,000  | \$300,000                                       | \$100,000  | \$100,000   | (860) 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   | (850) 922-3101                         |
| 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) 334-4250                         |
| Illinois      | \$300,000  | \$300,000                                       | \$100,000  | \$100,000   | (217) 785-0116                         |
| 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   | (785) 296-7081                         |
| Kentucky      | -  | \$300,000                                       | \$100,000  | \$100,000   | (502) 564-6027                         |
| Louisiana     | \$300,000  | \$300,000                                       | \$100,000  | \$100,000   | (225) 342-5423                         |
| Maine         | \$300,000  | -   | \$100,000  | \$100,000   | (207) 624-8475                         |
| Maryland      | all contractual obligations                        |   |  |   | (410) 468-2090                         |
| 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   | (651) 296-6848                         |
| Mississippi   | \$300,000  | \$300,000                                       | \$100,000  | \$100,000   | (601) 359-3569                         |
| Missouri      | \$300,000  | \$300,000                                       | \$100,000  | \$100,000   | (573) 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   | (775) 687-4270                         |
| New Hampshire | \$300,000  | -   | \$100,000  | \$100,000   | (603) 271-2261                         |
| New Jersey    | \$500,000  | \$500,000                                       | \$100,000  | \$500,000   | (609) 292-5360                         |
| New Mexico    | \$300,000  | -   | \$100,000  | \$100,000   | (505) 827-4601                         |
| New York      | \$500,000  | -   | -  | -   | (212) 480-2289                         |
| No. Carolina  | \$300,000  | -   | -  | -   | (919) 733-7349                         |
| North Dakota  | \$300,000  | \$300,000                                       | \$100,000  | \$100,000   | (701) 328-2440                         |
| Ohio          | \$300,000  | \$300,000                                       | \$100,000  | \$100,000   | (614) 644-2658                         |
| 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) 783-0442                         |
| Puerto Rico   | -  | \$300,000                                       | -  | -   | (787) 722-8686                         |
| Rhode Island  | \$300,000  | \$300,000                                       | \$100,000  | \$100,000   | (401) 222-2223                         |
| So. Carolina  | \$300,000  | -   | -  | -   | (803) 737-6160                         |
| 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) 538-3800                         |
| 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   | (360) 753-7301                         |
| West Virginia | \$300,000  | \$300,000                                       | \$100,000  | \$100,000   | (304) 558-3394                         |
| Wisconsin     | \$300,000  | -   | -  | -   | (608) 267-1233                         |
| Wyoming       | \$300,000  | \$300,000                                       | \$100,000  | \$100,000   | (307) 777-7401                         |

# 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 Insurance Company Ratings

| A.M. Best  |      |               | S & P      |      |               | Moody's    |      |               | Duff & Phelps |      |               | Weiss Ratings |      |                |
|------------|------|---------------|------------|------|---------------|------------|------|---------------|---------------|------|---------------|---------------|------|----------------|
| Grade      | Rank | # Cos.<br>910 | Grade      | Rank | # Cos.<br>363 | Grade      | Rank | # Cos.<br>201 | Grade         | Rank | # Cos.<br>231 | Grade         | Rank | # Cos.<br>1235 |
| A++        | [1]  | 47            | AAA        | [1]  | 47            | Aaa        | [1]  | 7             | AAA           | [1]  | 62            | A+            | [1]  | 10             |
| A+         | [2]  | 160           | AA+        | [2]  | 59            | Aa1        | [2]  | 10            | AA+           | [2]  | 37            | A             | [2]  | 13             |
| A          | [3]  | 227           | AA         | [3]  | 68            | Aa2        | [3]  | 49            | AA            | [3]  | 54            | A-            | [3]  | 34             |
| A-         | [4]  | 177           | AA-        | [4]  | 65            | Aa3        | [4]  | 49            | AA-           | [4]  | 45            | B+            | [4]  | 66             |
| B++        | [5]  | 87            | A+         | [5]  | 52            | A1         | [5]  | 34            | A+            | [5]  | 20            | B             | [5]  | 162            |
| B+         | [6]  | 122           | A          | [6]  | 31            | A2         | [6]  | 14            | A             | [6]  | 7             | B-            | [6]  | 127            |
| B          | [7]  | 44            | A-         | [7]  | 16            | A3         | [7]  | 14            | A-            | [7]  | 1             | C+            | [7]  | 130            |
| B-         | [8]  | 19            | BBB+       | [8]  | 20            | Baa1       | [8]  | 19            | BBB+          | [8]  | na            | C             | [8]  | 228            |
| C++        | [9]  | 8             | BBB        | [9]  | 1             | Baa2       | [9]  | 3             | BBB           | [9]  | 1             | C-            | [9]  | 132            |
| C+         | [10] | 11            | BBB-       | [10] | na            | Baa3       | [10] | 1             | BBB-          | [10] | na            | D+            | [10] | 106            |
| C          | [11] | 6             | BB+        | [11] | 2             | Ba1        | [11] | na            | BB+           | [11] | 2             | D             | [11] | 121            |
| C-         | [12] | 2             | BB         | [12] | na            | Ba2        | [12] | 1             | BB            | [12] | 2             | D-            | [12] | 39             |
| D          | [13] | na            | BB-        | [13] | 1             | Ba3        | [13] | na            | BB-           | [13] | na            | E+            | [13] | 36             |
| E          | [14] | na            | B+         | [14] | 1             | B1         | [14] | na            | B+            | [14] | na            | E             | [14] | 30             |
| F          | [15] | na            | B          | [15] | na            | B2         | [15] | na            | B             | [15] | na            | E-            | [15] | 1              |
| as of 8/98 |      |               | B-         | [16] | na            | B3         | [16] | na            | B-            | [16] | na            | F             | [16] | na             |
|            |      |               | CCC        | [17] | na            | Caa        | [17] | na            | CCC+          | [17] | na            | U             | [17] | na             |
|            |      |               | R          | [18] | na            | Ca         | [18] | na            | CCC           | [18] | na            | as of 8/98    |      |                |
|            |      |               | as of 8/98 |      |               | C          | [19] | na            | CCC-          | [19] | na            |               |      |                |
|            |      |               |            |      |               | as of 8/98 |      |               | as of 8/98    |      |               |               |      |                |

# Insurance Company Ratings

| Company<br>Legal Name             | NAIC# | State<br>Dom. | Admitted<br>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 Life Ins. Co.              | 60038 | DC            | \$ 0.9B            | A [3]       |       | AA [3]      |        | -               |       | AA [3]        | ▲8/99  | B [5]          |        |
| Acacia Nat'l Life                 | 85685 | VA            | \$ 0.6B            | A [3]       |       | AA [3]      |        | -               |       | AA [3]        | ▼8/99  | B- [6]         | ▲8/99  |
| Aetna LI & Annuity Co.            | 86509 | CT            | \$ 36.8B           | A+ [2]      | ▼6/95 | AA- [4]     | ▼7/96  | Aa3 [4]         | ▼7/97 | AA [3]        |        | C+ [7]         |        |
| Aetna LIC                         | 60054 | CT            | \$ 37.2B           | A [3]       |       | A+ [5]      | ▲7/97  | A1 [5]          | ▼7/97 | AA- [4]       | ▼7/95  | C+ [7]         | ▲6/98  |
| AID Assoc. Lutherans              | 56014 | WI            | \$ 17.9B           | A++ [1]     |       | AA+ [2]     | ▲12/97 | Aa2 [3]         |       | AA+ [2]       | ▼8/99  | -              |        |
| AIG LIC                           | 66842 | DE            | \$ 6.7B            | A++ [1]     | ▲3/99 | AAA [1]     |        | Aaa [1]         |       | -             |        | B- [6]         |        |
| Alexander Hamilton LIC Amer.      | 94064 | MI            | \$ 5.5B            | A++ [1]     | ▲8/96 | AAA [1]     | ▲10/95 | Aa3 [4]         | ▲3/96 | AAA [1]       | ▲10/95 | B+ [4]         | ▲5/98  |
| Allstate LIC                      | 60186 | IL            | \$ 27.5B           | A+ [2]      | ▲3/96 | AA+ [2]     |        | Aa2 [3]         | ▲8/97 | -             |        | B+ [4]         | ▲7/97  |
| Allstate LIC/NY                   | 70874 | NY            | \$ 2.0B            | A+ [2]      |       | AA+ [2]     |        | Aa2 [3]         | ▲8/97 | -             |        | B+ [4]         | ▲8/97  |
| American Centurion LAC            | 77798 | NY            | \$ 0.2B            | A+ [2]      | ▲6/95 | -           |        | -               |       | AAA [1]       |        | C+ [7]         | ▼8/99  |
| American Enterprise LIC           | 94234 | IN            | \$ 4.7B            | A+ [2]      |       | -           |        | Aa2 [3]         |       | AAA [1]       |        | B [5]          | ▲11/94 |
| American Family LIC               | 60399 | WI            | \$ 2.1B            | A+ [2]      |       | withdrawn   |        | -               |       | -             |        | A+ [1]         |        |
| American General Annuity Ins. Co. | 70432 | TX            | \$ 10.7B           | A [3]       |       | AA- [4]     | ▲9/96  | Aa3 [4]         | ▲4/98 | AA+ [2]       | ▼8/99  | B [5]          | ▲5/97  |
| American General Life & Acc       | 66672 | TN            | \$ 8.8B            | A+ [2]      |       | AA+ [2]     | ▼6/97  | Aa3 [4]         |       | AAA [1]       |        | B [5]          | ▲8/99  |
| American General LIC              | 60488 | TX            | \$ 7.9B            | A+ [2]      |       | AA+ [2]     |        | Aa3 [4]         |       | AA+ [2]       | ▼8/99  | B+ [4]         | ▼8/99  |
| American Heritage LIC             | 60534 | FL            | \$ 1.2B            | A+ [2]      | ▲7/94 | AA [3]      |        | A2 [6]          |       | -             |        | A- [3]         |        |
| American Int'l Life Assur. Co. NY | 60607 | NY            | \$ 5.8B            | A++ [1]     | ▲3/99 | AAA [1]     |        | Aaa [1]         |       | -             |        | B [5]          |        |
| American Investors LIC            | 60631 | KS            | \$ 2.5B            | A- [4]      | ▼9/97 | A [6]       |        | Baa1 [8]        | ▲5/98 | A+ [5]        | ▲1/98  | C [8]          |        |

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- ("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.

**Admitted Assets** — is the dollar value of all assets reported in a company's statutory annual statement and admitted or accepted by state regulators. Includes invested assets plus amounts receivable and separate account assets.

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

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

# Insurance Company Ratings

| Company<br>Legal Name                    | NAIC# | State<br>Dom. | Admitted<br>Assets | A.M. Best's |        | Std & Poors |        | Moody's Invest. |        | Duff & Phelps |        | Weiss Research |       |
|--|-------|---------------|--------------------|-------------|--------|-------------|--------|-----------------|--------|---------------|--------|----------------|-------|
|  |       |               |                    | Rating      | Trend  | Rating      | Trend  | Rating          | Trend  | Rating        | Trend  | Rating         | Trend |
| American Life Insurance Co.              | 60690 | DE            | \$ 15.4B           | -           |        | AAA [1]     | ▲12/97 | Aaa [1]         |        | -             |        | B+ [4]         | ▲2/98 |
| American Life Insurance Co. / NY         | 60704 | NY            | \$ 1.3B            | A+ [2]      |        | AA+ [2]     |        | -               |        | AA [3]        |        | B [5]          |       |
| American Maturity                        | 81213 | CT            | \$ 0.2B            | A+ [2]      | ▲9/94  | AA [3]      | ▼9/96  | -               |        | AA+ [2]       |        | B [5]          |       |
| American Mayflower LIC/NY                | 60712 | NY            | \$ 0.9B            | A+ [2]      |        | AA [3]      | ▲12/96 | Aa2 [3]         | ▲4/97  | AA+ [2]       |        | B [5]          | ▲3/99 |
| American National Ins.Co.                | 60739 | TX            | \$ 6.9B            | A++ [1]     |        | AA+ [2]     |        | Aa2 [3]         |        | -             |        | A- [3]         | ▲5/98 |
| American Partners LIC                    | 93653 | AZ            | \$ 0.2B            | A+ [2]      |        | -           |        | -               |        | AAA [1]       |        | C [8]          |       |
| American Skandia Life Assurance          | 86630 | CT            | \$ 12.3B           | A- [4]      |        | A [6]       | ▲6/97  | -               |        | AA- [4]       |        | D+ [10]        | ▲7/97 |
| American United LIC                      | 60895 | IN            | \$ 7.6B            | A+ [2]      |        | AA [3]      | ▲10/96 | A1 [5]          |        | AA [3]        | ▼10/96 | B [5]          |       |
| Ameritas LI Corp.                        | 61301 | NE            | \$ 1.9B            | A+ [2]      |        | AA [3]      |        | A1 [5]          |        | -             |        | A- [3]         | ▼8/98 |
| AmerUs LIC                               | 61689 | IA            | \$ 4.0B            | A [3]       |        | A [6]       | ▼4/95  | A3 [7]          | ▼5/98  | A+ [5]        | ▼11/98 | C+ [7]         |       |
| Anchor National LIC                      | 60941 | AZ            | \$ 12.4B           | A++ [1]     | ▲3/99  | AAA [1]     | ▲8/99  | Aaa [1]         | ▲8/99  | AA [3]        |        | C+ [7]         | ▲8/97 |
| Aurora National LAC                      | 61182 | CA            | \$ 4.6B            | -           |        | -           |        | Baa1 [8]        |        | A+ [5]        | ▲7/95  | 11 (D)         |       |
| AUSA LIC                                 | 70688 | NY            | \$ 10.0B           | A [3]       | ▲6/94  | AAA [1]     | ▲10/96 | Aa3 [4]         |        | AA+ [2]       |        | C [8]          |       |
| Bankers Life/Cas. Co.                    | 61263 | IL            | \$ 4.0B            | A [3]       | ▲8/96  | A+ [5]      |        | Baa2 [9]        | ▼11/98 | AA- [4]       |        | C+ [7]         | ▲8/99 |
| Bankers United Life Assurance            | 61387 | IA            | \$ 3.3B            | A [3]       |        | AAA [1]     | ▲9/96  | Aa3 [4]         |        | AA+ [2]       |        | B- [6]         | ▲4/97 |
| Banner LIC                               | 94250 | MD            | \$ 0.9B            | A+ [2]      |        | -           |        | A2 [6]          | ▼6/97  | -             |        | B- [6]         |       |
| Beneficial Std LIC                       | 61417 | CA            | \$ 2.4B            | A [3]       | ▲8/96  | A+ [5]      |        | Baa2 [9]        | ▼11/98 | AA- [4]       | ▲11/97 | C [8]          |       |
| Berkshire LIC                            | 61433 | MA            | \$ 1.4B            | A [3]       | ▼12/96 | AA- [4]     | ▼2/96  | -               |        | AA- [4]       | ▼9/97  | C+ [7]         |       |
| Business Mens Assurance                  | 61492 | MO            | \$ 2.5B            | A [3]       | ▼10/95 | AA [3]      |        | A1 [5]          |        | AA [3]        |        | B [5]          | ▼4/97 |
| Canada Life Assurance                    | 80659 | CN            | \$ 25.1B           | A+ [2]      | ▼6/99  | AA+ [2]     | ▼8/95  | Aa3 [4]         | ▼12/98 | AA+ [2]       | ▼8/99  | -              |       |
| Canada Life Ins Co. (NY)                 | 79359 | NY            | \$ 0.3B            | A+ [2]      | ▼6/99  | AA+ [2]     | ▼8/95  | Aa2 [3]         |        | AA+ [2]       | ▼8/99  | B- [6]         | ▲5/98 |
| Capitol Bankers LIC                      | 62421 | MI            | \$ 0.3B            | A- [4]      |        | A- [7]      |        | -               |        | -             |        | C [8]          |       |
| Central Benefits National Life Insurance | 63541 | OH            | \$ .04B            | B++ [5]     |        | -           |        | -               |        | withdrawn     |        | -              |       |
| Central National LIC/Omaha               | 61700 | DE            | \$ 0.6B            | A+ [2]      |        | -           |        | -               |        | -             |        | B [5]          | ▼4/97 |
| Champlain LIC                            | 93637 | VT            | \$ 0.8B            | A [3]       |        | -           |        | -               |        | -             |        | -              |       |
| Chubb Colonial LIC of America            | 62057 | NJ            | \$ 0.5B            | A [3]       |        | AA [3]      |        | -               |        | -             |        | B [5]          | ▼9/95 |
| Chubb Sovereign LIC                      | 80438 | NH            | \$ 0.4B            | A+ [2]      |        | AA [3]      | ▼8/97  | -               |        | -             |        | B [5]          |       |
| Cigna LIC                                | 93629 | CT            | \$ 0.1B            | A+ [2]      |        | AA [3]      |        | -               |        | AA+ [2]       | ▼1/98  | C+ [7]         |       |
| Columbia Universal Life Insurance Co.    | 77720 | TX            | \$ 0.4B            | A- [4]      |        | -           |        | -               |        | -             |        | B- [6]         | ▲5/98 |
| Columbus LIC                             | 99937 | OH            | \$ 1.9B            | A+ [2]      |        | AAA [1]     |        | Aa2 [3]         |        | AAA [1]       |        | B+ [4]         | ▲2/97 |

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Continued ...



# Insurance Company Ratings

| Company<br>Legal Name             | NAIC# | State<br>Dom. | Admitted<br>Assets | A.M. Best's |       | Std & Poors |       | Moody's Invest. |       | Duff & Phelps |       | Weiss Research |       |
|-----------------------------------|-------|---------------|--------------------|-------------|-------|-------------|-------|-----------------|-------|---------------|-------|----------------|-------|
|                                   |       |               |                    | Rating      | Trend | Rating      | Trend | Rating          | Trend | Rating        | Trend | Rating         | Trend |
| Commercial Union LIC/America      | 62898 | DE            | \$ 1.8B            | A+ [2]      |       | -           |       | -               |       | AA- [4]       |       | B+ [4]         | ▲1996 |
| Commonwealth LIC                  | 62227 | KY            | \$ 5.7B            | A+ [2]      |       | AAA [1]     |       | Aa3 [4]         |       | AA+ [2]       |       | C+ [7]         | 995   |
| Companion LIC                     | 62243 | NY            | \$ 0.5B            | A [3]       |       | AA- [4]     |       | -               |       | AA [3]        |       | B [5]          |       |
| Conseco Annuity Assurance         | 60682 | IL            | \$ 5.9B            | A [3]       | ▲697  | A+ [5]      | ▲1297 | Baa2 [9]        | ▼899  | AA- [4]       |       | C- [9]         |       |
| Connecticut General LIC           | 62308 | CT            | \$ 69.7B           | A+ [2]      | ▼692  | AA [3]      |       | Aa3 [4]         | ▲1096 | AA+ [2]       | ▼198  | C+ [7]         |       |
| Connecticut National LIC          | 93769 | IL            | \$ 0.3B            | A [3]       |       | A+ [5]      |       | -               |       | -             |       | C [8]          |       |
| Constitution LIC                  | 62359 | TX            | \$ 0.2B            | B++ [5]     |       | -           |       | -               |       | -             |       | D [11]         | ▼795  |
| Continental General Insurance Co. | 71404 | NE            | \$ 0.4B            | A- [4]      |       | -           |       | -               |       | AAA [1]       |       | C [8]          | ▼899  |
| Continental Western LIC           | 62510 | IA            | \$ 0.4B            | -           |       | -           |       | -               |       | -             |       | -              |       |
| Cova Financial Services LIC       | 93513 | MO            | \$ 2.5B            | A+ [2]      | ▲599  | AA- [4]     |       | A3 [7]          | ▼899  | AA [3]        |       | C [8]          | ▲1095 |
| Crown LIC                         | n/a   | CN            | \$ 6.7B            | A- [4]      |       | A- [7]      | ▲996  | Baa3 [10]       | ▼796  | -             |       | -              |       |
| CU Life Insurance Co. NY          | 92665 | NY            | \$ 0.3B            | A+ [2]      |       | -           |       | -               |       | AA- [4]       |       | B [5]          |       |
| CUNA Mutual Insurance Society     | 62626 | WI            | \$ 2.1B            | A [3]       |       | -           |       | -               |       | AA [3]        |       | C+ [7]         | ▼899  |
| CUNA Mutual LIC                   | 65749 | IA            | \$ 3.5B            | A [3]       | ▼397  | -           |       | -               |       | AA [3]        |       | B+ [4]         | ▲1195 |
| Delta Life & Annuity              | 65145 | TN            | \$ 1.8B            | A [3]       | ▼696  | -           |       | A3 [7]          |       | A+ [5]        |       | B- [6]         |       |
| Empire General LAC                | 94285 | TN            | \$ .1B             | A+ [2]      | ▲294  | AA [3]      |       | -               |       | AA [3]        |       | B [5]          |       |
| Empire LIC                        | 62820 | WA            | \$ 0.03B           | A- [4]      | ▲695  | -           |       | -               |       | -             |       | B- [6]         |       |
| Equitable Life Assurance Society  | 62944 | NY            | \$ 74.9B           | A [3]       | ▲595  | AA- [4]     | ▲1095 | Aa3 [4]         | ▲696  | AA- [4]       | ▲1295 | C+ [7]         | ▲899  |
| Equitable Life/IOWA               | 62979 | IA            | \$ 4.6B            | A+ [2]      |       | AA+ [2]     | ▲898  | Aa2 [3]         | ▲298  | AAA [1]       | ▲299  | B [5]          |       |
| Equitable Variable LIC            | 81361 | NY            | \$ 13.5B           | -           |       | -           |       | withdrawn       |       | -             |       | C- [9]         | ▲295  |
| Farmers New World LIC             | 63177 | WA            | \$ 4.0B            | A+ [2]      |       | -           |       | Aa3 [4]         |       | -             |       | A- [3]         | ▼497  |
| Federal Home LIC                  | 67695 | IN            | \$ 2.1B            | A+ [2]      | ▲496  | -           |       | Aa2 [3]         |       | AA [3]        | ▲896  | B [5]          | ▲899  |
| Federal Kemper Life Assurance     | 63207 | IL            | \$ 2.2B            | A [3]       | ▲196  | AA- [4]     |       | Aa3 [4]         | ▲196  | AA [3]        | ▲196  | B- [6]         | ▲597  |
| Fidelity & Guar. LIC              | 63274 | MD            | \$ 3.2B            | A- [4]      |       | AA [3]      | ▲899  | A3 [7]          | ▲698  | AA [3]        | ▲899  | C [8]          | ▲196  |
| Financial Benefit LIC             | 98213 | KS            | \$ 0.5B            | B+ [6]      | ▲696  | -           |       | -               |       | -             |       | C [8]          | ▲297  |
| First Alexander Hamilton LIC      | 71510 | NY            | \$ 0.5B            | A++ [1]     | ▲1196 | -           |       | -               |       | AAA [1]       | ▲1095 | B [5]          |       |
| First Allmerica Financial Life    | 69140 | MA            | \$ 7.2B            | A [3]       |       | AA- [4]     | ▲1097 | A1 [5]          |       | AA [3]        |       | C [8]          |       |
| First Colony LIC                  | 63401 | VA            | \$ 10.0B           | A++ [1]     |       | AA [3]      | ▲1296 | Aa2 [3]         | ▲497  | AA+ [2]       |       | B+ [4]         | ▲696  |
| First GNA LIC/NY                  | 72990 | NY            | \$ 1.4B            | -           |       | -           |       | -               |       | -             |       | -              |       |
| First Reliance Standard LIC       | 71005 | NY            | \$ 0.06B           | A- [4]      |       | A [6]       | ▲397  | -               |       | A+ [5]        | ▼1295 | C [8]          |       |

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Continued ...

# Insurance Company Ratings

| Company<br>Legal Name            | NAIC# | State<br>Dom. | Admitted<br>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 National of NY      | 78417 | NY            | \$ 0.03B           | A+ [2]      | ▲8/99  | AA [4]      | ▼8/99  | -               | -      | -             | -      | -              | -      |
| First SunAmerica LIC             | 92495 | NY            | \$ 1.8B            | A++ [1]     | ▲3/99  | AAA [1]     | ▼8/99  | Aaa [1]         | -      | -             | -      | C+ [7]         | ▼10/98 |
| First UNUM LIC                   | 64297 | NY            | \$ 0.7B            | A+ [2]      | ▼8/99  | AA- [4]     | ▼8/99  | Aaa [4]         | ▼8/99  | -             | ▼8/99  | C+ [7]         | ▼8/99  |
| First Variable LIC               | 77984 | AR            | \$ 0.5B            | A- [4]      | ▼8/99  | A+ [5]      | ▼8/99  | -               | -      | AA- [4]       | ▼8/99  | C+ [7]         | ▼8/99  |
| Fort Dearborn LIC                | 71129 | IL            | \$ 0.6B            | A [3]       | ▲1/97  | A+ [5]      | ▲1/97  | -               | -      | -             | -      | B [5]          | ▼11/94 |
| Fortis Benefits LIC              | 70408 | MN            | \$ 6.3B            | A [3]       | ▼4/96  | AA [3]      | ▼4/96  | A1 [5]          | -      | -             | -      | B+ [4]         | ▲9/95  |
| Franklin LIC                     | 63622 | IL            | \$ 6.7B            | A+ [2]      | ▲6/96  | AA+ [2]     | ▲6/97  | Aaa [4]         | ▼12/98 | AA+ [2]       | ▼12/98 | B+ [4]         | ▼8/99  |
| GE Capital LAC/NY                | 72990 | NY            | \$ 1.7B            | A+ [2]      | ▼8/99  | AA [3]      | ▼8/99  | Aaa [3]         | -      | AA [3]        | -      | B+ [4]         | ▲2/97  |
| General American LIC             | 63665 | MO            | \$ 12.4B           | A+ [2]      | ▼8/99  | AA- [4]     | ▼8/99  | A1 [5]          | -      | AA [3]        | -      | C+ [7]         | -      |
| General Electric CAP             | 70025 | DE            | \$ 9.9B            | A+ [2]      | ▲6/95  | AA [3]      | ▲6/95  | Aaa [3]         | ▲4/97  | AA [3]        | ▲8/96  | B [5]          | ▲5/97  |
| Glenbrook Life & Annuity Co.     | 70092 | IL            | \$ 0.7B            | A+ [2]      | ▼5/95  | AA+ [2]     | ▼5/95  | Aaa [3]         | ▲8/97  | -             | -      | B+ [4]         | ▲3/98  |
| Globe Life & Accident IC         | 91472 | DE            | \$ 1.0B            | A+ [2]      | ▼5/95  | AA+ [2]     | ▼5/95  | -               | -      | -             | -      | B- [6]         | ▼10/98 |
| Golden America LIC               | 80942 | DE            | \$ 2.2B            | A+ [2]      | ▼5/95  | AA+ [2]     | ▼5/95  | -               | -      | AAA [1]       | ▲8/99  | B- [6]         | ▲8/99  |
| Golden Rule Insurance Co.        | 62286 | IL            | \$ 1.5B            | A [3]       | ▼5/95  | AA- [4]     | ▼5/95  | -               | -      | -             | -      | B [5]          | -      |
| Grand Pacific LIC                | 63975 | HI            | \$ 0.2B            | B+ [6]      | ▼5/95  | -           | ▼5/95  | -               | -      | BBB [9]       | ▼5/98  | C [8]          | ▲6/96  |
| Great American LIC               | 63312 | OH            | \$ 5.9B            | A [3]       | ▼8/96  | A+ [5]      | ▼8/96  | A3 [7]          | ▼8/99  | AA- [4]       | ▲11/95 | C [8]          | ▼5/98  |
| Great American Reserve Insurance | 64017 | TX            | \$ 2.5B            | A [3]       | ▼8/96  | A+ [5]      | ▼8/96  | Baa2 [9]        | ▼11/98 | AA- [4]       | ▲11/97 | C [8]          | ▲4/97  |
| Great Northern Insurance Ann.    | 94366 | WA            | \$ 6.7B            | A+ [2]      | ▼8/96  | AA [3]      | ▼8/96  | Aaa [3]         | ▲4/97  | AA [3]        | -      | B [5]          | ▲3/95  |
| Great Southern LIC               | 90212 | TX            | \$ 1.1B            | A [3]       | ▼8/96  | A [6]       | ▼8/96  | -               | -      | -             | -      | C [8]          | ▼5/98  |
| Great-West Life & Annuity        | 68322 | CO            | \$ 21.2B           | A++ [1]     | ▼11/95 | AA+ [2]     | ▼11/95 | Aaa [3]         | -      | AAA [1]       | -      | A- [3]         | ▲3/98  |
| Guardian Insurance/Annuity Co    | 78778 | DE            | \$ 7.9B            | A+ [2]      | ▼10/97 | AA+ [2]     | ▼10/97 | Aaa [2]         | ▼9/96  | AAA [1]       | -      | A [2]          | ▲7/97  |
| Guardian LIC of America          | 64246 | NY            | \$ 14.4B           | A+ [2]      | ▼10/97 | AA+ [2]     | ▼10/97 | Aaa [2]         | ▼9/96  | AAA [1]       | -      | A [2]          | ▼8/99  |
| Hartford LIC                     | 88072 | CT            | \$ 62.8B           | A+ [2]      | ▼10/95 | AA [3]      | ▼10/95 | Aaa [4]         | ▼1/97  | AA+ [2]       | ▼10/95 | B+ [4]         | ▼9/95  |
| Harvest LIC                      | 79421 | OH            | \$ 1.2B            | A+ [2]      | ▲4/96  | -           | ▲4/96  | Aaa [3]         | -      | AA [3]        | ▲8/96  | B- [6]         | ▲2/97  |
| Horace Mann LIC                  | 64513 | IL            | \$ 3.2B            | A [3]       | ▼11/95 | AA- [4]     | ▼11/95 | A3 [7]          | -      | AA [3]        | -      | B- [6]         | ▼3/98  |
| IDS LIC                          | 65005 | MN            | \$ 42.8B           | A+ [2]      | ▼11/95 | -           | ▼11/95 | Aaa [3]         | -      | AAA [1]       | -      | B [5]          | -      |
| IDS Life/NY                      | 80594 | NY            | \$ 2.6B            | A+ [2]      | ▼11/95 | -           | ▼11/95 | Aaa [3]         | -      | AAA [1]       | -      | B [5]          | -      |
| Indianapolis LIC                 | 64645 | IN            | \$ 1.7B            | A [3]       | ▼6/96  | AA- [4]     | ▼6/96  | A2 [6]          | -      | AA [3]        | -      | B- [6]         | ▼6/98  |
| Integrity LIC                    | 74780 | OH            | \$ 5.8B            | A [3]       | ▲10/95 | A [6]       | ▲10/95 | Baa3 [10]       | ▼8/99  | BBB+ [8]      | ▼8/99  | C [8]          | ▲5/96  |

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

Continued . . .

# Insurance Company Ratings

| Company<br>Legal Name         | NAIC# | State<br>Dom. | Admitted<br>Assets | A.M. Best's |        | Std & Poors |        | Moody's Invest. |        | Duff & Phelps |        | Weiss Research |        |
|-------------------------------|-------|---------------|--------------------|-------------|--------|-------------|--------|-----------------|--------|---------------|--------|----------------|--------|
|                               |       |               |                    | Rating      | Trend  | Rating      | Trend  | Rating          | Trend  | Rating        | Trend  | Rating         | Trend  |
| Inter-State Assurance Co.     | 64807 | IA            | \$ 1.3B            | A [3]       | ▲5/94  | A+ [5]      | ▼8/99  | -               | -      | AA- [4]       | ▼8/99  | B- [6]         | ▲2/96  |
| Investors Insurance Corp.     | 64939 | DE            | \$ 0.2B            | -           | -      | -           | -      | -               | -      | -             | -      | D+ [10]        | ▲8/99  |
| Investors LIC of NE           | 86975 | SD            | \$ 0.6B            | -           | -      | withdrawn   | -      | -               | -      | -             | -      | B+ [4]         | ▲10/95 |
| Jackson National LIC          | 65056 | MI            | \$ 32.5B           | A+ [2]      | -      | AA [3]      | -      | Aa3 [4]         | ▲1/98  | AA+ [2]       | ▲6/98  | C+ [7]         | ▲10/95 |
| Jefferson-Pilot LIC           | 67865 | NC            | \$ 7.4B            | A++ [1]     | -      | AAA [1]     | -      | Aa2 [3]         | -      | AAA [1]       | -      | A [2]          | ▼4/98  |
| John Alden LIC                | 65080 | MN            | \$ 1.0B            | A- [4]      | ▼3/96  | A [6]       | ▲8/99  | A2 [6]          | ▲12/98 | -             | -      | C [8]          | ▼4/97  |
| John Hancock Mutual           | 65099 | MA            | \$ 55.4B           | A++ [1]     | -      | AA+ [2]     | ▼4/95  | Aa2 [3]         | -      | AAA [1]       | -      | A- [3]         | ▲5/97  |
| Kansas City LIC               | 65129 | MO            | \$ 2.4B            | A [3]       | -      | A+ [5]      | ▼3/94  | A2 [6]          | -      | -             | -      | B [5]          | -      |
| Kemper Investors LIC          | 90557 | IL            | \$ 9.7B            | A [3]       | ▲1/96  | AA- [4]     | -      | Aa3 [4]         | ▲2/96  | AA [3]        | ▲1/96  | B- [6]         | -      |
| Keyport LIC                   | 65234 | RI            | \$ 14.6B           | A+ [2]      | ▲11/94 | AA [3]      | ▲2/98  | A2 [6]          | ▼4/98  | AA- [4]       | -      | B [5]          | -      |
| Keystone State LIC            | 90344 | PA            | \$ .03B            | B [7]       | ▲11/95 | -           | -      | -               | -      | A- [7]        | -      | C- [9]         | ▲10/98 |
| Knights of Columbus           | 58033 | CT            | \$ 6.9B            | A++ [1]     | -      | AAA [1]     | -      | Aa3 [4]         | -      | -             | -      | -              | -      |
| Lafayette LIC                 | 65242 | IN            | \$ 0.8B            | A [3]       | ▼5/95  | -           | -      | -               | -      | A+ [5]        | ▼1/98  | B [5]          | -      |
| Lamar LIC                     | 65250 | MS            | \$ 0.7B            | A [3]       | -      | A+ [5]      | -      | -               | -      | AA- [4]       | ▲11/97 | C+ [7]         | ▼8/98  |
| Liberty LIC                   | 65323 | SC            | \$ 1.3B            | A [3]       | -      | -           | -      | -               | -      | AA- [4]       | ▼2/97  | C+ [7]         | ▼4/97  |
| Liberty National LIC          | 65331 | AL            | \$ 3.2B            | A+ [2]      | ▼4/95  | withdrawn   | -      | A2 [6]          | -      | -             | -      | B [5]          | ▼11/97 |
| Life Insurance Co./Georgia    | 65471 | GA            | \$ 2.8B            | A+ [2]      | -      | AA+ [2]     | ▲8/98  | Aa2 [3]         | -      | AAA [1]       | -      | B+ [4]         | ▼8/99  |
| Life Insurance Co./Southwest  | 65528 | TX            | \$ 2.0B            | A [3]       | ▼6/94  | -           | -      | Baa1 [8]        | -      | AA- [4]       | -      | C+ [7]         | ▼8/99  |
| Life Insurance Co./Virginia   | 65536 | VA            | \$ 10.6B           | A+ [2]      | -      | AA [3]      | -      | Aa2 [3]         | ▲4/97  | AA [3]        | ▼8/96  | B [5]          | -      |
| Life Investors Ins. Co.       | 64130 | IA            | \$ 7.0B            | A+ [2]      | -      | AAA [1]     | ▲10/96 | Aa3 [4]         | -      | AA+ [2]       | -      | B [5]          | ▲10/96 |
| LifeUSA Insur. Co.            | 92509 | MN            | \$ 2.2B            | A- [4]      | -      | BBB+ [8]    | -      | A3 [7]          | ▲5/98  | -             | -      | C+ [7]         | ▲2/98  |
| Lincoln Benefit Life          | 65595 | NE            | \$ 0.6B            | A+ [2]      | -      | AA+ [2]     | -      | Aa2 [3]         | ▲8/97  | -             | -      | B+ [4]         | ▲10/98 |
| Lincoln National LIC          | 65676 | IN            | \$ 58.3B           | A+ [2]      | -      | AA- [4]     | -      | Aa3 [4]         | ▲7/94  | AA+ [2]       | ▼11/95 | B [5]          | ▼8/99  |
| Lincoln Security LIC          | 61620 | NY            | \$ 0.3B            | A [3]       | ▼11/96 | AA- [4]     | -      | -               | -      | -             | -      | C [8]          | ▼7/97  |
| London LIC                    | na    | CN            | \$ 23.0B           | A++ [1]     | -      | AA+ [2]     | ▼8/95  | Aa2 [3]         | -      | AAA [1]       | -      | -              | -      |
| London Pacific Life & Annuity | 68934 | NC            | \$ 1.3B            | B+ [6]      | ▲5/96  | -           | -      | -               | -      | -             | -      | C- [9]         | -      |
| Lutheran Brotherhood          | 57126 | MN            | \$ 1.9B            | A++ [1]     | -      | AA+ [2]     | ▼2/96  | Aa2 [3]         | -      | AA+ [2]       | ▼8/99  | B [5]          | -      |
| Manhattan National            | 67083 | IL            | \$ 0.4B            | A [3]       | -      | A+ [5]      | -      | -               | -      | AA- [4]       | ▲11/97 | C [8]          | ▼7/97  |
| Manufacturers LIC             | n/a   | CN            | \$ 30.5B           | A++ [1]     | -      | AA+ [2]     | ▼10/94 | Aa2 [3]         | ▲2/98  | AAA [1]       | -      | -              | -      |
| Massachusetts General LIC     | 65900 | MA            | \$ 1.5B            | -           | -      | A+ [5]      | -      | -               | -      | AA- [4]       | ▲11/97 | -              | -      |

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Continued . . .

# Insurance Company Ratings

| Company<br>Legal Name        | NAIC# | State<br>Dom. | Admitted<br>Assets | A.M. Best's |        | Std & Poors |        | Moody's Invest. |       | Duff & Phelps |        | Weiss Research |       |
|------------------------------|-------|---------------|--------------------|-------------|--------|-------------|--------|-----------------|-------|---------------|--------|----------------|-------|
|                              |       |               |                    | Rating      | Trend  | Rating      | Trend  | Rating          | Trend | Rating        | Trend  | Rating         | Trend |
| Massachusetts Mutual LIC     | 65935 | MA            | \$ 57.6B           | A++ [1]     |        | AAA [1]     | ▲8/94  | Aa1 [2]         |       | AAA [1]       |        | A [2]          | ▲8/99 |
| Medco Containment LIC        | 63762 | PA            | \$ 0.4B            | -           |        | -           |        | -               |       | -             |        | C- [9]         |       |
| Mega Life & Health           | 97055 | OK            | \$ 0.7B            | A [3]       |        | -           |        | -               |       | A+ [5]        | ▼8/99  | C+ [7]         | ▲2/97 |
| Merrill Lynch LIC            | 79022 | AR            | \$ 13.6B           | A [3]       |        | AA- [4]     | ▲12/96 | Aa3 [4]         |       | -             |        | B [5]          | ▲8/99 |
| Metropolitan LIC             | 65978 | NY            | \$172.4B           | A+ [2]      | ▼12/94 | AA [3]      | ▼12/96 | Aa2 [3]         | ▼3/96 | AA+ [2]       | ▼9/96  | A- [3]         |       |
| Midland LIC                  | 66036 | OH            | \$ 1.2B            | A [3]       | ▲2/98  | A+ [5]      | ▲2/98  | -               |       | -             |        | C+ [7]         | ▲5/98 |
| Midland National LIC         | 66044 | SD            | \$ 3.6B            | A+ [2]      |        | AA [3]      | ▼6/96  | A2 [6]          |       | -             |        | A- [3]         | ▼5/98 |
| Ministers Life               | 93742 | MN            | \$ 0.21B           | A+ [2]      |        | -           |        | -               |       | AAA [1]       |        | B [5]          |       |
| Minnesota Mutual LIC         | 66168 | MN            | \$ 13.3B           | A++ [1]     |        | AA+ [2]     |        | Aa2 [3]         | ▼8/95 | AAA [1]       |        | A [2]          |       |
| Modern Woodmen of America    | 57541 | IL            | \$ 3.8B            | A+ [2]      |        | -           |        | -               |       | AA [3]        | ▼11/95 | -              |       |
| Monumental LIC               | 66281 | MD            | \$ 4.0B            | A+ [2]      | ▲10/94 | AAA [1]     |        | Aa3 [4]         |       | AA+ [2]       |        | B- [6]         |       |
| Mutual Life Assurance        | 81914 | CN            | \$ 22.7B           | A++ [1]     |        | AA [3]      | ▼8/98  | Aa3 [4]         | ▼8/99 | -             |        | -              |       |
| Mutual LICNY (MONY)          | 66370 | NY            | \$ 11.8B           | A- [4]      |        | A+ [5]      | ▲7/98  | A3 [7]          | ▲5/96 | A+ [5]        |        | C [8]          | ▲2/97 |
| Mutual of America LIC        | 88668 | NY            | \$ 8.3B            | A++ [1]     |        | AA+ [2]     |        | Aa3 [4]         |       | AA [3]        |        | B+ [4]         |       |
| Mutual Trust LIC             | 66427 | IL            | \$ 0.8B            | A [3]       |        | A+ [5]      |        | -               |       | A+ [5]        | ▼11/97 | B+ [4]         |       |
| National Guardian LIC        | 66583 | WI            | \$ 0.7B            | A- [4]      |        | -           |        | -               |       | -             |        | A- [3]         | ▲8/99 |
| National Integrity LIC       | 75264 | NY            | \$ 1.1B            | A [3]       | ▲10/95 | A [6]       |        | Baa3 [10]       | ▼8/99 | BBB+ [8]      | ▼8/99  | C [8]          |       |
| National LIC of VT           | 66680 | VT            | \$ 6.0B            | A [3]       | ▼9/95  | A+ [5]      |        | A3 [7]          | ▼5/98 | AA- [4]       |        | B- [6]         |       |
| Nationwide LIC               | 66869 | OH            | \$ 55.6B           | A++ [2]     |        | AA+ [2]     | ▼3/96  | Aa2 [3]         | ▼5/96 | AA+ [2]       | ▲9/96  | A- [3]         | ▲8/99 |
| New England Mutual Life      | 66893 | MA            | \$ 16.3B           | -           |        | AA [3]      | ▼12/96 | Aa2 [3]         |       | AA+ [2]       |        | A- [3]         | ▲8/99 |
| New York LIC                 | 66915 | NY            | \$ 65.3B           | A++ [1]     |        | AA+ [2]     | ▼1/97  | Aa1 [2]         | ▼8/96 | AAA [1]       |        | A [2]          |       |
| North America Co./L&H        | 66974 | IL            | \$ 1.6B            | A [3]       |        | AA [3]      | ▲8/99  | A2 [6]          | ▲8/99 | -             |        | B- [6]         | ▲8/99 |
| North America Security LIC   | 90425 | DE            | \$ 5.0B            | -           |        | AA [3]      | ▲8/99  | -               |       | -             |        | -              |       |
| Northbrook LIC               | 88528 | IL            | \$ 5.8B            | A+ [2]      |        | AA+ [2]     |        | Aa2 [3]         | ▲8/97 | -             |        | B+ [4]         | ▼8/99 |
| Northern LIC                 | 87734 | WA            | \$ 5.8B            | A+ [2]      |        | AA [3]      | ▲8/99  | A1 [5]          |       | AA [3]        |        | C+ [7]         | ▼8/99 |
| Northwestern Mutual LIC      | 67091 | WI            | \$ 71.1B           | A++ [1]     |        | AAA [1]     |        | Aaa [1]         |       | AAA [1]       |        | A+ [1]         |       |
| Ohio National Life Assurance | 89206 | OH            | \$ 0.9B            | A+ [2]      |        | AA [3]      |        | A1 [5]          |       | AA [3]        |        | B [5]          |       |
| Ohio National LIC            | 67172 | OH            | \$ 5.1B            | A+ [2]      |        | AA [3]      |        | A1 [5]          |       | AA [3]        |        | B [5]          | ▲2/96 |
| Old Line LIC of America      | 67245 | WI            | \$ 1.4B            | A+ [2]      |        | AA+ [2]     |        | Aa3 [4]         | ▲6/97 | AA+ [2]       |        | B [5]          | ▼4/97 |
| Pacific LIC                  | 67466 | CA            | \$ 31.8B           | A+ [2]      | ▲6/95  | AA+ [2]     |        | Aa3 [4]         | ▲9/94 | AA+ [2]       |        | A [2]          | ▲5/98 |
| Pan-American LIC             | 67539 | LA            | \$ 1.9B            | A- [4]      | ▼6/96  | -           |        | Baa1 [8]        | ▼2/98 | A [6]         | ▼8/99  | C+ [7]         | ▼8/98 |

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Continued . . .

# Insurance Company Ratings

| Company<br>Legal Name            | NAIC# | State<br>Dom. | Admitted<br>Assets | A.M. Best's |        | Std & Poors |        | Moody's Invest. |       | Duff & Phelps |        | Weiss Research |        |
|----------------------------------|-------|---------------|--------------------|-------------|--------|-------------|--------|-----------------|-------|---------------|--------|----------------|--------|
|                                  |       |               |                    | Rating      | Trend  | Rating      | Trend  | Rating          | Trend | Rating        | Trend  | Rating         | Trend  |
| Paragon LIC                      | 93564 | MO            | \$ 0.2B            | A+ [2]      |        | AA- [4]     | ▲8/99  | -               | ▲8/99 | AA [3]        |        | C [8]          |        |
| Paul Revere LIC                  | 67598 | MA            | \$ 5.0B            | A [3]       | ▼4/95  | AA- [4]     |        | Aa3 [4]         | ▲8/99 | AA- [4]       |        | C [8]          | ▼7/97  |
| Penn Insurance & Annuity         | 93262 | DE            | \$ 1.2B            | A [3]       | ▼1/95  | AA- [4]     |        | A3 [7]          | ▼6/97 | AA- [4]       |        | C+ [7]         |        |
| Penn Mutual LIC                  | 67644 | PA            | \$ 7.1B            | A [3]       | ▼1/95  | AA- [4]     |        | A3 [7]          | ▼6/97 | AA- [4]       |        | C+ [7]         |        |
| Peoples Benefit LIC <sup>1</sup> | 66605 | MO            | \$ 11.3B           | A+ [2]      |        | AAA [1]     | ▲8/97  | Aa3 [4]         | ▲6/97 | AA+ [2]       |        | B- [6]         | ▼2/98  |
| Peoples Security LIC             | 64475 | NC            | \$ 6.0B            | A+ [2]      |        | AAA [1]     | ▲8/97  | Aa3 [4]         |       | withdrawn     |        | C+ [7]         | ▼4/97  |
| PFL Life Ins Co.                 | 86231 | IA            | \$ 8.7B            | A+ [2]      | ▲6/95  | AAA [1]     | ▲10/96 | Aa3 [4]         |       | AA+ [2]       |        | B- [6]         |        |
| PHF LIC                          | 84808 | FL            | \$ 0.3B            | A+ [2]      |        | -           |        | -               |       | -             |        | B- [6]         | ▲10/98 |
| Philadelphia LIC                 | 97047 | PA            | \$ 1.6B            | A [3]       |        | A+ [5]      |        | -               |       | AA- [4]       | ▲11/97 | C+ [7]         | ▼8/98  |
| Phoenix Home Life                | 67814 | NY            | \$ 16.0B           | A [3]       |        | AA [3]      | ▲11/95 | Aa3 [4]         |       | AA [3]        |        | B- [6]         | ▼5/98  |
| Physicians Mutual Ins. Co.       | 80578 | NE            | \$ 0.9B            | A [3]       | ▼6/95  | AA [3]      | ▲7/95  | -               |       | -             |        | A [2]          | ▼8/99  |
| Pioneer LIC of IL                | 68330 | IL            | \$ 0.6B            | B++ [5]     | ▲6/96  | A+ [5]      |        | -               |       | AA- [4]       | ▲11/97 | C [8]          |        |
| Presidential LIC                 | 68039 | NY            | \$ 2.3B            | A- [4]      | ▲11/94 | -           |        | Baa2 [9]        | ▲8/97 | -             |        | C [8]          | ▲10/95 |
| Primerica LIC                    | 65919 | MA            | \$ 3.4B            | A [3]       | ▲12/96 | AA [3]      |        | Aa3 [4]         |       | AA [3]        |        | B [5]          |        |
| Principal Mutual LIC             | 61271 | IA            | \$ 64.0B           | A+ [2]      | ▼3/96  | AA [3]      | ▼16/98 | Aa2 [3]         | ▼6/98 | AA+ [2]       | ▼8/99  | A- [3]         | ▲8/98  |
| Protective LIC                   | 68136 | TN            | \$ 7.5B            | A+ [2]      |        | AA [3]      |        | A1 [5]          |       | AA [3]        |        | B- [6]         | ▼11/97 |
| Provident Life/Accid.            | 68195 | TN            | \$ 10.8B           | A [3]       |        | AA- [4]     | ▲8/99  | Aa3 [4]         |       | AA- [4]       |        | C [8]          | ▼4/98  |
| Provident Mutual LIC             | 68225 | PA            | \$ 5.7B            | A [3]       | ▼6/96  | AA- [4]     |        | A2 [6]          |       | AA [3]        |        | B- [6]         |        |
| Provident National Assurance     | 70866 | TN            | \$ 1.0B            | A [3]       |        | withdrawn   |        | Aa3 [4]         | ▲8/99 | AA- [4]       | ▼12/94 | C [8]          |        |
| Prudential Ins. Co./Amer         | 68241 | NJ            | \$194.0B           | A [3]       | ▼4/95  | A+ [5]      | ▼8/97  | A1 [5]          | ▼2/97 | AA- [4]       | ▼3/98  | B- [6]         |        |
| Reliance Standard LIC            | 68381 | IL            | \$ 1.6B            | A- [4]      | ▼12/95 | A [6]       | ▲3/97  | Baa2 [9]        |       | A+ [5]        | ▼12/95 | C [8]          |        |
| ReliaStar Life Ins. Co. of NY    | 61360 | NY            | \$ 2.2B            | A+ [2]      |        | AA [3]      | ▲10/98 | A1 [5]          |       | AA [3]        |        | B- [6]         | ▼8/99  |
| Royal Macabees LIC               | 65765 | MI            | \$ 2.0B            | A- [4]      | ▲7/96  | -           |        | A3 [7]          | ▲8/99 | A [6]         | ▼4/95  | C [8]          |        |
| SAFFCO LIC                       | 68608 | WA            | \$13.0B            | A+ [2]      |        | AA- [4]     | ▼3/98  | A1 [5]          | ▼7/97 | AA [3]        |        | B [5]          | ▼8/99  |
| Savings Bank LI/MA               | 70435 | MA            | \$ 1.2B            | A+ [2]      |        | AA- [4]     |        | -               |       | AA [3]        |        | B+ [4]         | ▲7/97  |
| Security Benefit LIC             | 68675 | KS            | \$ 6.2B            | A+ [2]      |        | AA- [4]     | ▲5/98  | A2 [6]          |       | AA- [4]       |        | B- [6]         |        |
| Security Connecticut LIC         | 91588 | CT            | \$ 1.7B            | A [3]       | ▼11/96 | AA [3]      | ▲10/98 | A2 [6]          | ▲8/97 | AA [3]        |        | B- [6]         |        |
| Security First LIC               | 61050 | DE            | \$ 3.4B            | A [3]       |        | AA [3]      |        | Aa3 [4]         | ▲2/98 | AA+ [2]       |        | B- [6]         | ▲6/98  |
| Security Life of Denver          | 68713 | CO            | \$ 4.8B            | A+ [2]      |        | AA+ [2]     | ▲8/98  | Aa2 [3]         |       | AAA [1]       |        | B [5]          | ▼8/99  |

Continued . . .

<sup>1</sup> Formerly Provident Life & Health.

# Insurance Company Ratings

| Company<br>Legal Name               | NAIC# | State<br>Dom. | Admitted<br>Assets | A.M. Best's |        | Std & Poors |        | Moody's Invest. |        | Duff & Phelps |        | Weiss Research |        |
|-------------------------------------|-------|---------------|--------------------|-------------|--------|-------------|--------|-----------------|--------|---------------|--------|----------------|--------|
|                                     |       |               |                    | Rating      | Trend  | Rating      | Trend  | Rating          | Trend  | Rating        | Trend  | Rating         | Trend  |
| Security Mutual LIC/NY              | 68772 | NY            | \$ 1.4B            | A [3]       |        | A+ [5]      |        | A3 [7]          |        | A+ [5]        | ▼9/95  | B- [6]         |        |
| Southland LIC                       | 68950 | TX            | \$ 1.5B            | A+ [2]      |        | AA+ [2]     | ▲8/98  | Aa2 [3]         |        | AAA [1]       |        | B [5]          | ▼8/99  |
| Southwestern LIC                    | 91391 | TX            | \$ 1.8B            | B++ [5]     | ▼1/96  | BB [12]     | ▼8/99  | B2 [15]         |        | BB- [13]      | ▼12/98 | D+ [10]        | ▲11/97 |
| Standard Insurance Co.              | 69019 | OR            | \$ 4.5B            | A [3]       | ▼4/94  | A+ [5]      | ▼6/96  | A2 [6]          |        | AA- [4]       |        | B- [6]         | ▼8/98  |
| State Farm LIC                      | 69108 | IL            | \$ 23.4B           | A++ [1]     |        | AAA [1]     |        | Aaa [1]         |        | AAA [1]       |        | A+ [1]         |        |
| State LIC                           | 69116 | IN            | \$ 0.3B            | A+ [2]      | ▲10/94 | AA [3]      | ▲9/96  | -               |        | AA [3]        | ▼11/96 | B [5]          |        |
| Sun Life Assurance/Canada           |       | CN            | \$ 41.8B           | A++ [1]     |        | AAA [1]     |        | Aa1 [2]         |        | AAA [1]       |        | -              |        |
| Sun Life/Canada (US)                | 79065 | DE            | \$ 15.9B           | A++ [1]     |        | AAA [1]     |        | Aa2 [3]         | ▼12/98 | AAA [1]       |        | B [5]          | ▲5/98  |
| SunAmerica LIC                      | 69256 | AZ            | \$ 16.2B           | A++ [1]     | ▲3/99  | AAA [1]     | ▲8/99  | Aaa [1]         | ▲8/99  | AA [3]        |        | C+ [7]         |        |
| Sunset LIC/America                  | 69272 | WA            | \$ .05B            | A [3]       | ▼11/94 | A+ [5]      | ▼4/95  | -               |        | -             |        | B [5]          | ▼1/96  |
| Teachers Insurance & Annuity (TIAA) | 69345 | NY            | \$ 93.8B           | A++ [1]     |        | AAA [1]     |        | Aaa [1]         |        | AAA [1]       |        | A+ [2]         | ▲8/99  |
| Time Insurance Co.                  | 69477 | WI            | \$ 1.4B            | -           |        | A [6]       | ▼11/95 | -               |        | -             |        | -              |        |
| TMG LIC (W/in States)               | 70491 | ND            | \$ 1.6B            | A++ [1]     | ▲11/94 | AA [3]      | ▼8/98  | -               |        | -             |        | B- [6]         |        |
| Transamerica Life & Annuity         | 69507 | NC            | \$ 17.0B           | A+ [2]      |        | AAA [1]     | ▲8/99  | Aa3 [4]         |        | AA+ [2]       |        | B [5]          |        |
| Transamerica Occidental             | 67121 | CA            | \$ 17.7B           | A+ [2]      |        | AAA [1]     | ▲8/99  | Aa3 [4]         |        | AA+ [2]       |        | B+ [4]         | ▲2/97  |
| Travelers Insurance Co.             | 87726 | CT            | \$ 36.0B           | A+ [2]      | ▲7/97  | AA [3]      | ▲9/98  | Aa3 [4]         | ▲4/97  | AA [3]        | ▲11/97 | B- [6]         | ▲5/98  |
| Travelers Life/Annuity              | 80950 | CT            | \$ 3.0B            | A [3]       |        | AA [3]      | ▲9/98  | Aa3 [4]         | ▲4/97  | AA [3]        | ▲11/97 | B- [6]         | ▲5/98  |
| Union Central LIC                   | 80837 | OH            | \$ 4.8B            | A [3]       |        | A+ [5]      |        | A3 [7]          |        | A+ [5]        |        | C+ [7]         | ▲8/99  |
| Union Labor LIC                     | 69744 | MD            | \$ 2.5B            | B++ [5]     |        | withdrawn   |        | -               |        | withdrawn     |        | C- [9]         | ▲5/98  |
| United American Insurance Co.       | 92916 | DE            | \$ 0.8B            | A+ [2]      |        | withdrawn   |        | -               |        | -             |        | A- [3]         |        |
| United Heritage Mutual LIC          | 63983 | ID            | \$ 0.3B            | A- [4]      |        | -           |        | -               |        | -             |        | B [5]          |        |
| United Investors LIC                | 94099 | MO            | \$ 2.8B            | A+ [2]      | ▼5/95  | AA [3]      | ▼9/96  | A3 [7]          |        | -             |        | B+ [4]         | ▼10/98 |
| United Life & Annuity IC            | 69876 | LA            | \$ 1.4B            | B++ [5]     |        | -           |        | -               |        | AAA [1]       | ▲8/99  | C [8]          | ▼6/98  |
| United of Omaha                     | 69868 | NE            | \$ 9.3B            | A [3]       | ▼6/96  | AA- [4]     | ▼8/99  | Aa3 [4]         | ▼7/95  | AA [3]        |        | B+ [4]         |        |
| United Presidential                 | 70033 | IN            | \$ 1.2B            | A [3]       |        | -           |        | -               |        | -             |        | C+ [7]         | ▼8/98  |
| UNUM LIC                            | 62235 | ME            | \$ 6.9B            | A++ [1]     |        | AA- [4]     | ▼8/99  | Aa3 [4]         | ▼8/99  | -             |        | B- [6]         | ▼5/98  |
| USAA LIC                            | 69663 | TX            | \$ 6.9B            | A++ [1]     |        | AAA [1]     |        | Aa1 [2]         |        | -             |        | A- [3]         | ▲8/99  |
| U.S. Life Ins. Co. (NY)             | 70106 | NY            | \$ 2.5B            | A+ [2]      |        | -           |        | Aa3 [4]         | ▲6/97  | AA+ [2]       |        | -              |        |
| USG Annuity & Life Co.              | 61247 | OK            | \$ 7.4B            | A+ [2]      |        | AA+ [2]     | ▲8/98  | Aa2 [3]         | ▲2/98  | AAA [1]       | ▲2/99  | B [5]          | ▲10/98 |
| Variable Annuity LIC                | 70238 | TX            | \$ 33.7B           | A+ [2]      |        | AA+ [2]     |        | Aa2 [3]         |        | AA+ [2]       | ▼12/98 | B+ [4]         |        |

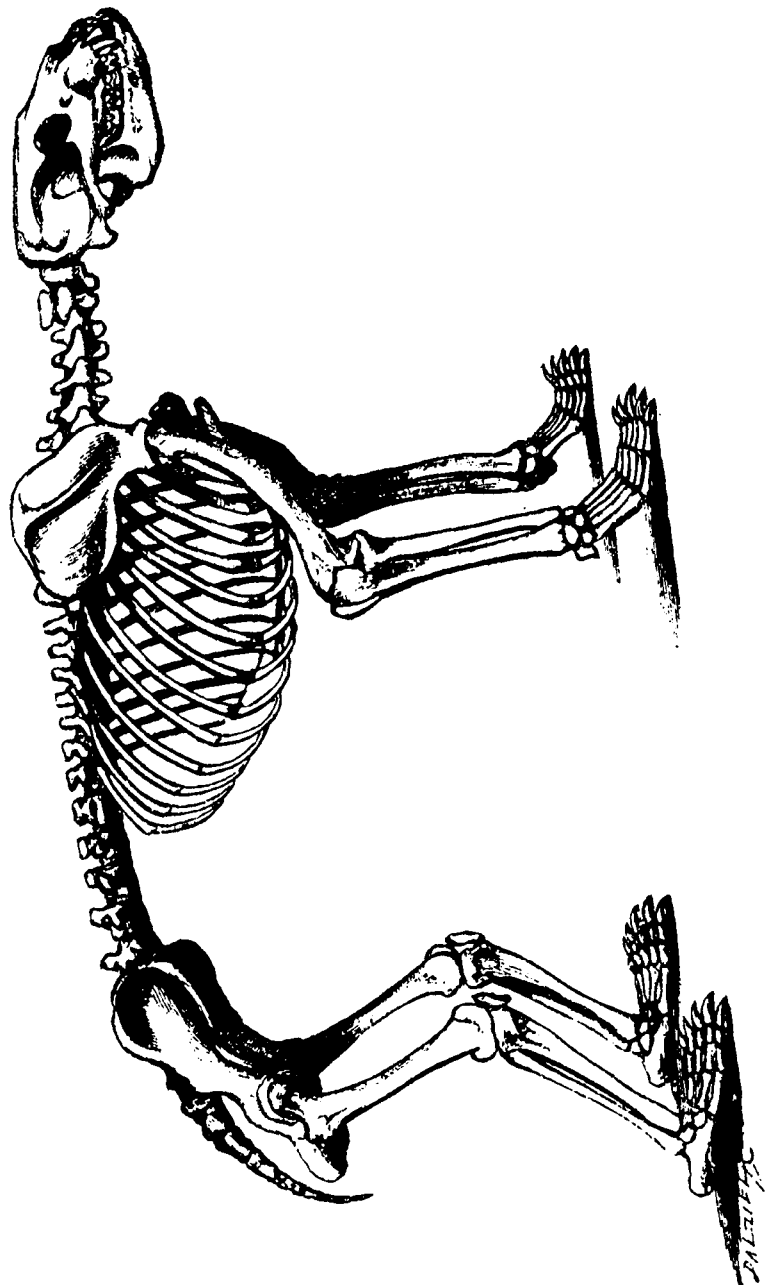
Legend: Trend is the direction and date of most recent change. ▲ = date upgraded; ▼ = date downgraded.

Continued . . .

# Insurance Company Ratings

| Company<br>Legal Name                | NAIC# | State<br>Dom. | Admitted<br>Assets | A.M. Best's |       | Std & Poors |        | Moody's Invest. |       | Duff & Phelps |       | Weiss Research |        |
|--------------------------------------|-------|---------------|--------------------|-------------|-------|-------------|--------|-----------------|-------|---------------|-------|----------------|--------|
|                                      |       |               |                    | Rating      | Trend | Rating      | Trend  | Rating          | Trend | Rating        | Trend | Rating         | Trend  |
| West Coast LIC                       | 70335 | CA            | \$ 0.8B            | A [3]       | ▼4/97 | AA [3]      |        | A1 [5]          | ▲2/98 | AA [3]        |       | B- [6]         | ▼11/97 |
| Western Reserve Life Assurance of OH | 91413 | OH            | \$ 5.2B            | A+ [2]      |       | AAA [1]     | ▲10/96 | Aa3 [4]         |       | AA+ [2]       |       | B- [6]         | ▼10/98 |
| Western & Southern Life Insurance    | 70483 | OH            | \$ 6.4B            | A++ [1]     |       | AAA [1]     |        | Aa2 [3]         |       | AAA [1]       |       | B+ [4]         | ▼10/98 |
| Western United LAC                   | 77925 | WA            | \$ 0.9B            | B+ [6]      | ▲8/99 | -           |        | -               |       | -             |       | D+ [10]        | ▲8/99  |
| William Penn LIC/NY                  | 66230 | NY            | \$ 1.1B            | A [3]       |       | -           |        | A2 [6]          | ▼6/97 | -             |       | B- [6]         | ▼5/96  |
| Woodmen of the World Life Society    | 57320 | NE            | \$ 4.5B            | A+ [2]      |       | AA [3]      |        | -               |       | -             |       | -              |        |
| Zurich LIC of America                | 70661 | IL            | \$ 0.3B            | 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 appropriates 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 |
|---|--------------|

Ratings and reports on individual companies are available from A.M. Best. The cost of the report, which includes the company's rating, is \$20. You can also receive just the letter rating

by dialing a 900 number. (This is a toll call at \$2.50 per minute.) Call A.M. Best at (908) 439-2200 for instructions on how to place the call.

## Standard & Poor's Ratings

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

S&P charges an insurer between \$15,000 and \$28,000 to receive a claims-paying ability rating. (Contact: Standard and Poor's, 25 Broadway, New York, NY 10004.)

S&P's rating scheme uses a letter grade scale that ranges from AAA (highest) to R (lowest), (ie., AAA, AA, A, BBB, BB, B, CCC, R). The "AAA" rating, for example, represents a company's extremely strong capacity to honor its obligations and to remain so over a long period of time. "AAA" companies offer **superior** financial security on both an absolute and relative basis. They possess the highest safety and have an overwhelming capacity to meet policyholder obligations.



# Rating Agencies

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

## RATING CATEGORIES

### Secure Range:

|            |   |
|------------|---|
| <b>AAA</b> | Superior financial security. Highest safety.  |
| <b>AA</b>  | Excellent financial security. Highly safe.  |
| <b>A</b>   | Good financial security. More susceptible to economic change than highly rated companies.     |
| <b>BBB</b> | Adequate financial security. More vulnerable to economic changes than highly rated companies. |

### Vulnerable Range:

|            |  |
|------------|--|
| <b>BB</b>  | Financial security may be adequate, but capacity to meet long-term policies is vulnerable.                             |
| <b>B</b>   | Vulnerable financial security.   |
| <b>CCC</b> | Extremely vulnerable financial security. Questionable ability to meet obligations unless favorable conditions prevail. |
| <b>R</b>   | 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

|               |   |
|---------------|---|
| <b>Aaa</b>    | Exceptional security. Unlikely to be affected by change.                                  |
| <b>Aa</b>     | Excellent security. Lower than Aaa because long-term risks appear somewhat larger.        |
| <b>A</b>      | Good Security. Possibly susceptible to future impairment.                                 |
| <b>Baa</b>    | Adequate security. Certain protective to future impairment.                               |
| <b>Ba</b>     | Questionable security. Ability to meet obligations may be moderate.                       |
| <b>B</b>      | Poor security. Assurance of punctual payment of obligations is small over the long run.   |
| <b>Caa</b>    | Very poor security. There may be elements of danger regarding the payment of obligations. |
| <b>Ca are</b> | Extremely poor security. Companies often in default.                                      |
| <b>C</b>      | 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.