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If you are well-versed in annuities, you will probably want to start with our *Immediate Annuities Update* or *Deferred Annuities Update* sections. There you'll find our latest survey results on annuity rates and policy performance. If you are a novice, may we suggest you read our booklet entitled the *Pros and Cons of Fixed and Variable Annuities* and then proceed to the *Update* sections in the magazine.

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

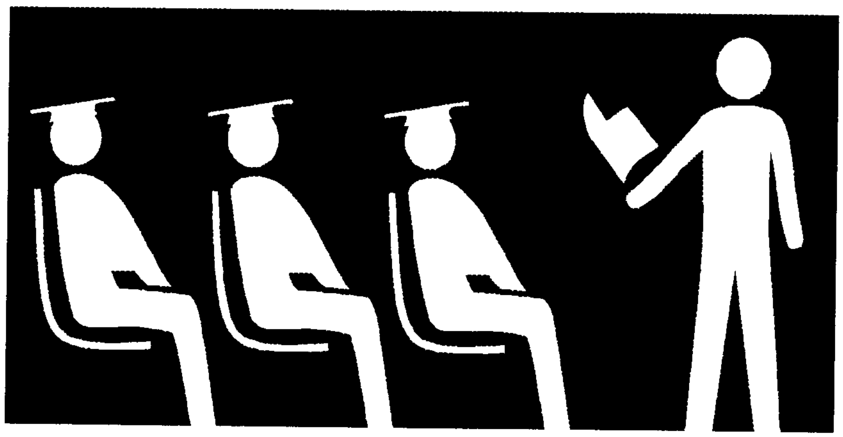
Hersh

Charitable Gift Annuities
A Win-Win Situation

Charitable gift giving is very much in the news these days. Many nonprofit organizations that had depended upon federal funding for a large part of their operating budgets are experiencing reductions from that source.

Income tax levels are becoming increasingly punitive. People are looking for legitimate forms of tax relief.

Additionally, more and more Americans are facing the probability that Social Security will be a completely inadequate "safety net" for their retirement. These concerned people are looking for tax-favored ways to augment their future retirement incomes.



Charitable gift annuities (CGAs) provide one solution to these concerns. A gift annuity offers immediate tax relief, and has the potential to provide some tax-free retirement income. In exchange for the gift contributions made to a charity, the charitable institution guarantees a retirement income, either immediate or deferred which can last for the entire lifetimes of the donor and spouse. In addition to the economic advantages, the donor can experience the satisfaction of seeing a part of the proceeds of a gift put to immediate use in a charitable institution which is dear to his or her heart.

How Do Charitable Gifts Work?

One popular method is the gifting of an irrevocably assigned life insurance policy to a charity. In that scenario, the donor deducts premiums as gifts, and upon the donor's death, the charity reaps a substantial benefit. Variations of charitable remainder trusts are another option for deferred giving. While the donor enjoys the benefit of lifetime income, the charity must wait for the donor's death before taking ownership and utilizing the gift remainder. A CGA, however, which is reinsured with an immediate annuity provides the charity with the advantage of immediate access to a significant portion of its gift proceeds.

Charitable Gift Annuities

A CGA is one of the easiest forms of planned giving. In exchange for an immediate gift to a legitimate 501(c)(3) charity, the donor is promised a specified lifetime income. The exact amount of that gift is agreed upon at inception. Typically, the life income goes to the donor or is shared as a 100 percent joint and survivor option to the donor and spouse. The arrangement is that simple. There is an agreement of understanding between the donor and the charity. The charity's stability and reputation provide peace of mind to the donor. If the charity ceased to make the agreed upon payments, the donor would be a primary creditor against that institution. Obviously, a century-old establishment such as a nonprofit hospital or major community church would have an easier time attracting a CGA donor than would a recently-established organization.

The maximum rates of return that are typically paid on these uninsured annuities are established by the American Council on Gift Annuities. The ACGA was established in 1927 as an answer to the "bidding wars" for donor dollars. Meeting each three years—the most current meeting in May 1995—this grouping of a large number of substantial national charitable organizations uses interest and mortality assumptions to set up current actuarial tables.

In a traditional situation where the donor dies around his or her actuarial life expectancy, the charity would have paid him a combination of interest and gift principal, which yielded a remainder of 50 percent. It is that substantial "expected remainder" which helps drive the IRS's acceptance of the CGA as a legitimate gift with well-defined tax advantages.

In the event a wealthy donor accepted a rate of return below the ACGA tables, it would pass on an even larger gift portion to the charity at the donor's death. In the event an organization offered rates of return considerably above the established tables, it runs the risk that the IRS may disallow the contribution as a gift.

How does Annuity Reinsurance Work?

Remember that the agreement is for the charity to pay a lifetime income to the donor. Once the agreement is completed, the manner in which the charity invests its assets to carry out that goal is exclusively the charity's business. The organization can take the full proceeds of the donor's gift to a bank's trust department and ask them to manage the assets in a portfolio. *The bank, however, cannot guarantee that the principal will last for the lifetime of the donor.* In the event that market conditions seriously diminish the value of a portfolio, those continued income payments may cease. Also, in the event that a donor significantly exceeds his or her life expectancy, all the resources of the gift may be exhausted.

If the gift proceeds are gone, the charity must reach into other resources to continue the lifetime payments. By utilizing annuity reinsurance, however, these risks can be completely eliminated.

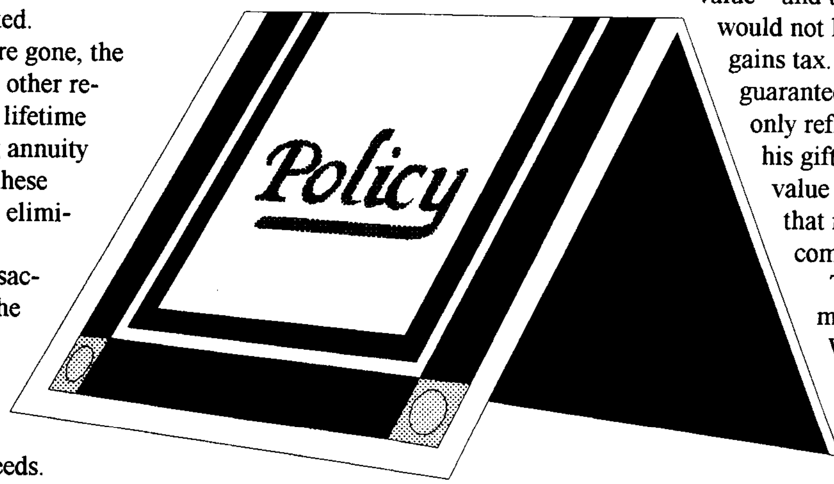
In a reinsurance transaction, the charity takes the entire gift from the donor and in turn purchases a life annuity from an insurance company with the proceeds. The annuity can be immediate or deferred. The cost of purchasing that lifetime annuity is lower than the amount of the gift which was tendered.

In the case of immediate income annuities to donors in their seventies or older, the charity may be able to obtain the life annuities at a 35 to 50 percent discount. That spread between gift and purchased annuity represents outright cash which is available today to the charitable institution. The balance can be invested in an endowment fund, or used for other purposes.

When a donor is concerned about the guarantee of income that a charity is making, the annuity reinsurance is a valued dimension which helps the donor proceed with the gift. The charity is able to reassure the donor that a financially strong insurance company stands behind its commitment to guarantee him a lifelong income. The charity transfers to the insurance company all the interest rate risk, investment risk and mortality risk. The insurance company actuarially assumes all of these risks. In addition, the insurer takes on the administrative duties of monthly income payments and tax reporting.

What if the Donor is Very Old or In Poor Health?

In these situations, the charity may purchase a life annuity with a period certain guarantee. Such an annuity provides a life income regardless or the donor's lifespan plus it guarantees the income stream payments for a minimum fixed period, say ten years. If the charity is both the owner and the beneficiary of the annuity, it could benefit from any unused future guaranteed payments in the event the donor dies within the 10 year guarantee period.



So in a situation where a donor only survived two years of that 10 year period certain guarantee, the remaining eight years of payments would go directly to the charity as beneficiary of the policy. In this instance, the charity could ultimately obtain significantly *more* that its anticipated 50 percent remainder.

Gifting an appreciated asset

Many younger donors—professionals, entrepreneur, investors—may have a current asset which has appreciated considerably. Take the example of a doctor who purchased his clinic in the 1970's for $100,000 and at age 55 wishes to sell his building so that he can then go and work as a chief physician at a hospital for the next ten years before his retirement. The clinic's value has appreciated to $500,000. Selling it outright would trigger a $400,000 capital gain. If our doctor gifted this appreciated property to his hospital, the hospital could liquidate it at its current market value with the following results:

The doctor would receive a tax deduction based on its full appreciated current value—and the nonprofit institution would not have to deal with the capital gains tax. The doctor would then be guaranteed an income which not only reflects the current value of his gift, but also its compounded value over the next decade before that retirement income stream commences.

The taxes become a little more complex in this case. While the outright immediate deduction is still taken, there will be some recognition of capital gains because the gift was not completed outright—the doctor still reserved the right to future revenue. However, at retirement, he can pay his remaining capital gains taxes on an "installment plan" over his life expectancy. A part of each income payment would be taxed as either ordinary income or as capital gains. The capital gains may well be taxed at a lower tax rate than the ordinary income.

When the remaining capital gains have been paid off over the doctor's actuarial lifetime, a few good things happen: If the doctor is living, his guaranteed life income payments continue; and with the capital gains having been paid off, his annuity income stream will be taxed at a much lower rate.

Prospecting for Charitable Gift Annuities

Ask your clients if they have a charitable intent. Those who have already decided to gift to a favorite organization in the future may well want to consider the possible income and tax advantages of executing a gift today rather than upon death. The charitable intent is still first and foremost. There are other things that your clients can do with their money besides give it away. However, in the event that they wish to give a gift to a favorite charity and see their gift begin working during their lifetimes, a CGA may be their best option.

The simplest way to begin a CGA program in a charity is to contact their donor base of older clients who are in their retirement income years. These donors typically have many fixed investments such as CDs, T-bills, and the like. It may make sense for those donors to roll over some of those proceeds into a CGA. The CGA can also be structured to allow for the creation of a life insurance estate upon the death of the donor. If the donor is willing to accept a reduced income stream, part of the donation may be diverted to pay the premiums on a life insurance policy. This will generate a death benefit to relatives which could replace the capital gifted to the charity. Or the charity can be named as the beneficiary of the life insurance policy to receive the death benefit as a future gift.

Conclusion

A charitable gift annuity can provide to both a donor and a charity several important financial planning advantages. Donors can increase their income while obtaining significant tax reductions. Charities can tap into sources of funds which would not become available until the death of the donors. The CGA is a classic "win-win" situation to donor, charity, and agent alike.

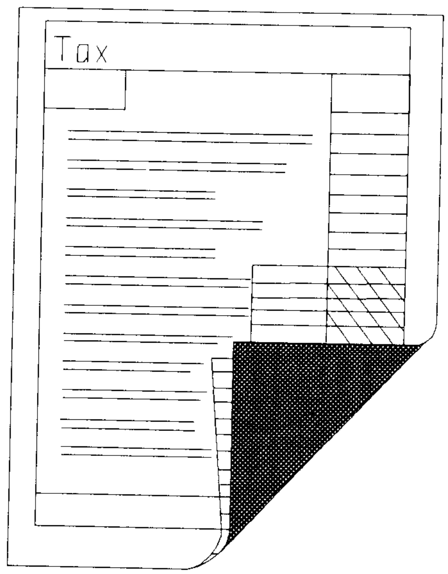
[*Adapted from an article by Larry H. Mayfield which appeared in* Broker World *magazine, December, 1995. Mayfield can be reached by mail at Great American Life, P.O. Box 5420, Cincinnati, OH 45201-5420. Telephone: 800-438-3398, ext. 3315*]

Designating Spouse as IRA Beneficiary

From a tax standpoint, the best choice of IRA beneficiary for most married couples is the surviving spouse because the income and estate tax laws favor such a designation. If the client wants other individuals, such as children, to share in his estate, for optimal tax results, assets other than the client's IRA(s) should be used to fund bequests to non-spouse beneficiaries, and the IRA benefits should be paid to the spouse. However, it is not always feasible to name the spouse as outright IRA beneficiary because family circumstances may make it more appropriate to name a trust for the spouse's benefit (typically, a QTIP trust) or because the IRA benefits are the only assets available to fund a credit shelter trust in full. This article highlights the tax advantages of designating the spouse as IRA beneficiary.

Spousal Exceptions to Minimum Distribution Rules. The purpose of the minimum distributions rules (MDRs) is to require an IRA owner to begin to withdraw the funds at some point, called the "required beginning date for distributions" or "required beginning date," and set at April 1 of the year following the year in which the IRA owner reaches age 70½. Withdrawing less than the minimum annual amount can subject the IRA owner (or his beneficiary) to a 50% penalty. Whether or not an IRA owner designates a beneficiary as of his required beginning date and whether or not the name beneficiary qualifies as a "designated beneficiary" determine not only how the benefits pass at the IRA owner's death but also what he must withdraw before death. If an IRA owner has named a beneficiary as of his required beginning date, the identity of the beneficiary fixes the maximum payout period. The IRA owner can change the beneficiary after the required beginning date, but this change can't extend the maximum payout period.

Under the minimum distribution incidental benefit (MDIB) rule, when determining the life expectancy of a *non-spouse* beneficiary who is more than ten years younger than the IRA owner, the beneficiary is treated as if he were only ten years younger than the IRA owner. The effect of this rule, which is applicable only during the IRA owner's life, is to accelerate payments. But if the IRA owner names his spouse as beneficiary as of



his required beginning date, then withdrawals from the IRA can be taken over the joint life and last survivor expectancy of the IRA owner and his spouse, with one or both life expectancies recalculated annually (see below)—*regardless of how much younger the spouse is.* And if the IRA owner dies before his required beginning date, having named his spouse as beneficiary, distribution can extend over the spouse's life or life expectancy (depending upon whether or not her life expectancy is recalculated annually). The distributions to the spouse must begin before the later of (i) December 31 of the calendar year immediately after the year in which the IRA owner died, *or* (ii) December 31 of the calendar year in which the deceased IRA owner would have reached age 70½.

Spouse Is Only Beneficiary Whose Life Expectancy Can be Recalculated. The spouse is the *only* beneficiary whose life expectancy can be recalculated. The IRA owner must make an irrevocable election as of the required beginning date whether or not to recalculate his own and/or his spouse's life expectancy. If the IRA owner dies before his required beginning date, his spouse as beneficiary can elect to have her life expectancy recalculated. Recalculation produces lower minimum distributions during the lifetime of the IRA owner and his beneficiary. Where life expectancy is recalculated, a smaller percentage of the IRA balance must be distributed in each year after the first distribution year. This is because a person's remaining life expectancy is reduced by less than a full year for each year he ages. Thus, more income tax deferral is available when life expectancy is recalculated. But minimum distributions accelerate after the death of the individual whose life expectancy is being recalculated because a deceased persons' life expectancy is reduced to zero.

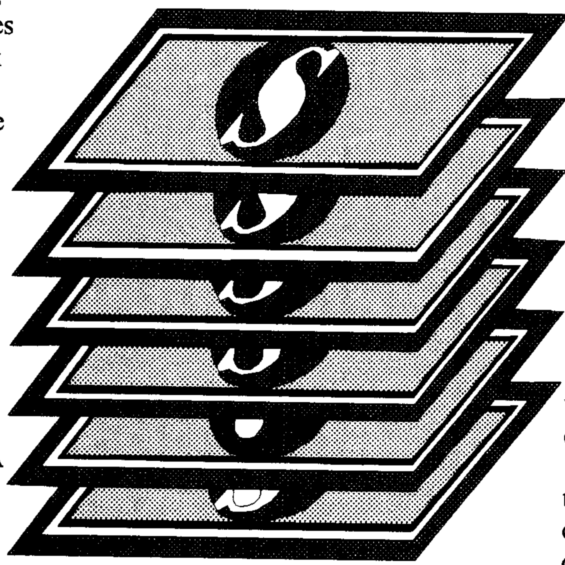
Spouse Has Most Opportunities for Financial, Estate, and Income Tax Planning. Naming the spouse as IRA beneficiary and allowing her to select the method of distributions from standard options affords the most flexibility for income tax, estate tax, and financial planning purposes. If the spouse selects an installment form of payment, she is able to tap the IRA for living expenses after the IRA owner's death and to spread the payment of income taxes over a period of years. Selecting this alternative doesn't necessarily produce optimal tax results, but it may be the only practical solution for a spouse in need of funds. A spouse who wants complete control over the IRA (whether or not she currently needs the funds) would prefer to withdraw the entire account balance in a single sum, rather than in installments. Because income taxes on the entire taxable portion must be paid at one time, there's no income tax advantage to doing so, unless income tax rates increase significantly after the year of withdrawal. (Note that forward income averaging isn't available for single-sum distributions from an IRA.) But taking a single sum can make sense from an estate planning perspective: the payment of income taxes depletes the amount subject to estate tax in the surviving spouse's estate; and the spouse may choose to reduce her taxable estate further by making gifts with the funds withdrawn from the IRA.

Spousal Rollovers. If the spouse has other funds available for her support after the IRA owner's death and if she is willing to forego immediate use of the funds in the IRA, she can elect to treat the decedent's IRA as her own IRA. This can be accomplished by the spouse's adding contributions to the IRA or, more commonly, by the spouse's withdrawing the entire account balance and "rolling it over" into an IRA in her own name. The spouse is the *only* beneficiary who can make this election. A surviving spouse's election to treat the deceased spouse's IRA as the survivor's own IRA may be made at any age; there is no requirement that the surviving spouse cannot have reached her required beginning date.

Where the spouse elects to treat the IRA as her own, she is treated as the IRA owner for purposes of applying the MDRs, and she can designate the beneficiaries of the IRA. The greater the age difference between the IRA owner and a younger spouse, the more opportunity there is to defer income taxes with a spousal rollover. This is because the surviving spouse can wait until April 1 in the year following the year in which she reaches age 70½ before making any withdrawals form the rollover IRA. And she can determine required distributions on the basis of her own life expectancy and that of the beneficiary (or beneficiaries) designated by her.

Where the spouse "rolls over" her deceased spouse's IRA into her own IRA (to which no other contributions are made), the income tax, the regular estate tax (see marital deduction below), and the increased estate tax under Code Sec. 4980A (described below) are all postponed with respect to the IRA.

To take advantage of the rollover option, the spouse must generally be named as the direct beneficiary. If a decedent's IRA proceeds pass through a



third party, such as an estate or a trust, before they are distributed to the spouse as the estate or trust beneficiary, the spouse is generally treated as acquiring the funds from the third party and not from the decedent. This means that the spouse can't roll over the IRA proceeds into her own IRA. But in a number of private letter rulings, the IRS has permitted, under certain circumstances, a spousal rollover to an IRA even thought the spouse received the IRA proceeds indirectly through an estate or a trust.

Marital Deduction. Ensuring that the estate of the deceased IRA owner receives the benefit of the marital deduction for an IRA can be done in several ways. The simplest and safest way to accomplish this is to name the spouse as the beneficiary of the IRA. Code Sec. 4980A

Spousal Election. Where the spouse is the beneficiary of all but a *de minimis* amount of her spouse's retirement benefits, another tax-favored election is available to her: she can elect to have the retirement benefits treated as her own for purposes of determining the tax on excess retirement distributions during life and on excess retirement accumulations at death under Code Sec. 4980A. This election is available *only* to the spouse. By making the election, the spouse is able to defer the Code Sec. 4980A increased estate tax on excess accumulations of her deceased spouse, and she may be able to avoid the tax entirely—depending upon her age, health, etc. and whether she has any retirement benefits of her own.

Spousal Disclaimer in Post-Mortem Planning. Any beneficiary can make a qualified disclaimer of his interest in property, but the spouse is the *only* beneficiary who may disclaim property in favor of herself. For example, the disclaimed property can pass to a so-called "contingent" or "disclaimer" trust in which the surviving spouse has an income interest.

Moreover, the IRS has privately ruled that distributions from an IRA to an IRA owner's children made after the spouse disclaimed her right to receive the benefits from the IRA could be made over the spouse's remaining life expectancy even though her life expectancy was being recalculated. Thus, the IRS treated the disclaiming spouse as the beneficiary during the IRA owner's life for purposes of establishing the minimum required distribution period, and the IRS treated the children as the new beneficiaries as of the spouse's disclaimer (though the children's longer life expectancies couldn't extend the maximum payout period). This has important planning implications for situations where the secondary beneficiary—such as a trust—would not have qualified as a designated beneficiary as of the IRA owner's required beginning date.

Surviving Spouse's IRA Rollover Funnelled Through Revocable Trust is Tax-Free

Many married individuals designate their IRAs to achieve maximum tax advantages. Some, however, name a revocable trust as beneficiary for reasons other than taxes. An individual using a trust nonetheless will want to preserve the tax benefits that could be enjoyed by naming a spouse as beneficiary. In a new ruling, a couple achieved both tax and nontax goals. The IRS concluded on the facts that a surviving spouse could make a tax-free rollover of a decedent's IRA funds, even though the cash was received from a revocable trust instead of directly from the decedent. (PLR 9611057)

Observation: Surviving spouses can gain important planning flexibility by rolling over the decedent's IRAs into their own IRAs. They can then designate their own beneficiaries for the receiving IRA, and arrange for payouts over their lives and the lives of their beneficiaries (within the limits of the minimum distribution incidental benefit rules). By contrast, under the inherited IRA rule of Code Sec 408(d)(3)(C), designated beneficiaries who aren't spouses can't roll over the decedent's IRAs into their own IRAs, and have fewer deferral possibilities than spousal designated beneficiaries.

Facts of the Ruling. Alice Brown designated the Brown Trust as beneficiary of her Bank IRA and Money Market IRA. She and her husband Ben were the Brown Trust's co-settlors and co-trustees and could request that distributions from trust principal be made at any time. The Brown Trust provides that in the event one of the settlors dies, the remaining trustee will hold the Brown Trust's estate for the benefit of the remaining settlor for his or her life. The settlors also reserved the right to revoke, modify or terminate the trust at any time.

After she attained age 70 1/2, Alice began taking required minimum distributions (RMDs) from both of her IRAs, withdrawing the necessary amounts from her Bank IRA. She didn't elect to recalculate her life expectancy for purposes of figuring her RMDs. When Alice died, Ben Brown, who had attained age 70 1/2, initiated the following steps:

(1) As the remaining trustee of the Brown Trust, he directed that the balance remaining in Alice's Bank IRA be paid to the trust.

(2) As remaining settlor of the Brown Trust, he directed himself, as trustee, to distribute the Bank IRA funds to himself.

(3) Ben rolled over the Bank IRA distribution into an IRA maintained in his name. The rollover took place within 60 days of the Bank IRA distribution.

Ben proposes to essentially duplicate these steps with the amount in the Money Market IRA, except that the rollover to an IRA in his name will consist of the proceeds less the required minimum distribution for the year.

Rollover is Tax-Free. Generally, if a decendent's IRA proceeds pass through a third party, such as a trust, and then are distributed though a surviving spouse, he or she is treated as having received the proceeds from the third party and not from the decedent. As a result, the surviving spouse won't be eligible to roll over the IRA proceeds into his or her own IRA.

However, the IRS ruled that if the following conditions are met, the surviving spouse will be treated as having acquired the IRA proceeds form the decedent, and not from the trust:

- The IRA beneficiary is a trust, and the surviving spouse is the trust's settlor and trustee;
- The surviving spouse as settlor has the right to demand payment of trust principal at any time for any reason;
- As trustee of the trust, the surviving spouse is required to pay to himself or herself, as settlor, any trust principal demanded; and
- Proceeds of the IRAs that constitute trust principal actually are paid to the surviving spouse as settlor of the trust.

Because all of the requirements were met in Ben's case, the IRS ruled that Alice's IRAs weren't inherited IRAs under Code Sec. 408(d)(3)(C). As a result, Ben's rollovers were tax-free.

The ruling's conclusion that Ben's 60 day rollover would be tax-free was conditioned on his not having violated Code Sec. 408(d)(3)(B) one rollover per-IRA, per-year rule.

IRA Beneficiary Designation Has Undesired Tax Consequences

In a recent letter ruling, the IRS determined that the entire balance of a decedent's IRA had to be distributed in the calendar year following his death, because he had named his estate as beneficiary and had chosen the recalculation method of determining his life expectancy.

The owner of the IRA, whom we'll call Dave, began to receive distributions from his IRA on schedule at age 70½. He chose to receive distributions over his single lifetime but to recalculate his life expectancy each year. These choices alone would seem to suggest a lack of guidance, since the recalculation tends to have the effect of lowering payments, but using a single life expectancy increases them. Under the regulations for required distributions, the recalculation alternative is automatic unless the owner elects otherwise or the plan specifies otherwise, so it is possible Dave was unaware of the recalculation decision.

Further suggesting that Dave lacked adequate guidance is the fact that he named his estate as beneficiary of the IRA, with his daughter as sole beneficiary of the estate. Had he instead named his daughter as beneficiary of the IRA, she could have received the account payout after his death over her lifetime, dramatically reducing the immediate tax liability on the funds.

Under the minimum distribution requirements, the payout schedule for (and, thus, the income tax liability on) amounts held in a qualified plan or IRA depends on who is named as the "designated beneficiary." The regulations specify that an estate cannot be a designated beneficiary. In fact, with the exception of certain kinds of trusts, a designated beneficiary must be an individual. Of course there is no legal reason an IRA cannot be payable to an estate; the effect of the regulation is simply that for purposes of Section 401(a)(9) such an IRA has no designated beneficiary.

Dave's choice (whether deliberate or not) to take his distributions over his single life and recalculate his life exectancy annually was at least as destructive to any tax planning aspirations he may have had as was the naming of his estate as beneficiary. The regulations state that when an individual who has chosen to recalculate dies, his life expectancy is reduced to zero, and when the last applicable life expectancy is reduced to zero, the entire balance has to be distributed within a year of death. In other words, to avoid this result, Dave should have elected to receive payments over the joint lives of himself and his daughter.

The most important thing to recognize about this ruling is that the decisions on which Dave erred generally become etched in stone when an individual reaches his required beginning date (i.e., April 1 of the year after he attains age 70½). Accordingly, it is essential that the various payout alternatives and consequences of them (particularly the tax ramifications) be considered carefully by clients approaching age 70½ *before* distributions begin.

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A Penny Pincher's Guide to Buying Long Term Care Insurance

So many Americans are worried about the high cost of long-term medical care that sales of insurance policies covering it have rise 68% in the past two years. Nursing homes currently charge an average of $100 a day, but rates can run $200 or more in big cities. Over the next 15 years, those prices are conservatively estimated to double. As a result, some consumer groups that once warned against long-term-care insurance as not worth its cost now urge everyone over 60 at least to consider it when planning for the possibility of needing long-term care, either in their own homes or in nursing facilities.

If you don't have insurance, a third party will usually pick up nursing-home costs that you can't pay. Medicare will cover all costs of a skilled nursing facility for up to 20 days, as long as you're transferred to it from a hospital. For the next 80 days, Medicare will pay $89.50 daily. After that, you must pay all the costs. If the expense depletes all but $2,000 of your savings—which happens to one in five private patients—Medicaid will pick up the tab.

Long-term-care insurance to protect your assets can be expensive. Good policies cost a healthy 60-year-old less than $1,500 a year; people who wait until 70 to buy may have to pay $4,000 or more. (Once you obtain a policy, your premium won't rise.) But if you already have such illnesses as Alzheimer's or insulin-dependent diabetes, you probably can't buy insurance at any price. A typical policy pays for three years in a nursing home, or six years of home health care—up to a maximum dollar amount, typically $100,000 to $200,000.

Before you shop for coverage, answer these questions:

- **What are your chances of needing the policy?** Two out of three people over 65 either never enter a nursing home or stay in one for less than three months. Only one person in four stays a year or more; one in 11, five years or longer. Still, medical experts say that if your family has a history of long, debilitating illnesses, your odds of needing long-term care increase.
- **Who will provide long-term care if you need it?** If you can depend on family members to help care for you at home, you may not need long-term-care insurance. For example, Medicare typically pays for such skilled care as physical therapy in your home. So if a family member can provide the additional help you need, your out-of-pocket costs for a lingering illness may be negligible.
- **Do you have financial alternatives?** If your net worth tops $1 million, you can cover long-term-care costs yourself. If you have fewer assets than that, you still have alternatives to insurance. For instance you can obtain extra income with a reverse mortgage on your home. In addition, some whole or universal life insurance contracts pay accelerated benefits to policyholders who are terminally ill from such causes as cancer or heart disease. Some deferred annuities have waivers that allow you to withdraw money without penalty upon entering a nursing home. Finally, if you move to a continuing-care community, your initial purchase price and monthly rent cover assisted-living costs.

Long-term-care policies differ, so you can tailor your insurance to your anticipated needs—and your wallet. Your choices include the following:

- **Kinds of benefits.** If you're single or living far from family who could assist you at home, to save money you might opt for nursing-home coverage only. Such policies are usually 30% cheaper than ones that also cover home health care.
- **Elimination periods.** Benefits can begin after you've received care for 30, 60, 90 or more days. The longer this elimination period, the lower your premium.
- **Inflation protection.** You can buy a rider that will hike the benefits with inflation, typically up to 5% a year. Such a rider lifts premiums 36% to 90%; the younger you are, the more it costs. But the younger you are, the more you need it.
- **Hospitalization requirements.** Be sure the policy doesn't require you to have been hospitalized immediately before coverage begins.
- **Routine activities.** Policies often start paying benefits when you can't perform two or three routine functions without help, such as bathing or cooking. But each company has different rules. For example, some policies require you to need direct help rather than supervision. A few won't pay unless you need help every time you perform the activity, not merely some of the time.
- **Exclusions.** Some policies will limit payments for certain conditions, such as Alzheimer's, or won't cover them at all. If you develop the illness, you'll have paid thousands of dollars over the years for nothing. In short, study the fine print.

Long-term-care policies' prices and terms vary widely. So first find policies with the benefits you need, then compare prices. Since group plans are generally cheapest, ask whether plans are available from your employer, professional organization or your children's employers.

TIP: Since you may not need coverage for 20 years or more, make sure there's little risk of your insurer going broke. Ask your state's insurance department about complaints regarding the company; the number is in your phone book. And check out the insurer's financial rating in A.M. Best's reports at your library.

[*Reprinted with permission from* Retire with Money, *March 1996. Subscriptions: 800-284-5300, $60/yr.*]

Play by the IRS Rules—And Win!

Penalty-free withdrawals from tax-deferred accounts

Despite what you might hear from plan sponsors and financial advisors, *you **can** tap into your IRA and other tax-deferred accounts early without paying a penalty.*

You have a great deal of latitude when deciding how much money to take out of the account each year. Even better, after you've met your short-term cash needs, you can stop making withdrawals and get the account's tax-deferred compounding working in your favor again. (Ed. note: That is, the withdrawals can stop after the later of age 59½ or having taken at least 5 annual payments.)

Normally, when you take a distribution from an IRA, if you are not at least age 59½, you must pay a penalty tax: 10% of the amount of the withdrawal. This is in addition to the income taxes that are due. To avoid this penalty, you effectively convert the account into an annuity, and take what the IRS calls "a series of substantial equal periodic withdrawals."

The distributions must be made at least annually, and must be computed using an IRS-approved method. You can use reasonable mortality tables to determine these numbers. You also are allowed to use a reasonable interest for the calculations. The flexibility on interest rates and life expectancies gives you leeway in determining the amount of your distribution.

The following are three methods specifically approved by the IRS. Keep in mind that each gives a very different result.

- **Straight life expectancy method.** Locate you life expectancy in IRS tables and divide that into the IRA account balance. The result is your annual distribution. This figure can be recalculated each year if you so choose.

- **Amortization method.** This strategy is similar to computing the payment on a mortgage. Take a reasonable life expectancy and interest rate, and use either a financial calculator or amortization table to compute the annual distribution. Some advisors believe you can effectively treat this as an adjustable rate mortgage, changing the interest rate and amortization period each year. But the IRS has not yet taken a position on this.

- **Annuity method.** Determine a reasonable interest rate and life expectancy. Then use these and the payment factor from a standard annuity table to determine the annual payment. Under this method you do not change the annual payment once it is computed.

For example, suppose your account balance is $100,000, you are 50 years old, and a reasonable interest rate is 8%. In this situation, the following would be your annual distributions under the three methods:

Straight life expectancy method
$3,032.25

Amortization method
$8,679.00

Annuity method
$9,002.00

You can change the distributions even further by using different interest rates and life expectancies, as long as the figures are reasonable. The IRS says you can use *any* reasonable method to compute the distributions, but it doesn't give any guidance as to what other methods count as as "reasonable."

The IRS rules for avoiding the 10% early withdrawal penalty can be complicated. If you are interested in tapping your tax-deferred account early while avoiding the penalty, consult a tax or financial advisor who will lay out all your options and choose the best method for you.

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IRAs Shielded in Bankruptcy

A doctor being sued was able to shield his IRAs from the alleged victims in a Chapter 13 bankruptcy proceeding because a debtor does not have to count his undistributed IRAs as "disposable income," a divided Fourth Circuit held. (Re Solomon (1995, CA4) 1995 US App LEXIS 29795)

Neil Solomon, M.D., filed a Chapter 13 bankruptcy petition. His creditors were three former patients (and the spouse of one) who sued him in tort for alleged misconduct during their treatment as his medical patients. Their claimed compensatory and punitive damages totaled $160 million. In his bankruptcy plan, Solomon scheduled assets valued at $2.18 million of which he claimed $2.14 million to be exempt from the claims of his creditors. Of the assets claimed as exempt, $1.4 million was held in three individual retirement accounts (IRAs).

Reg § 1.408-2(b)(6), which *permits* withdrawals at age 59 1/2, does not *require* that income be withdrawn from IRA accounts until a recipient reaches age 70 1/2. Solomon, who is 62 years old, told the bankruptcy court that he had no intention of withdrawing any funds from the IRAs during the term of the bankruptcy plan. Moreover, under Maryland law, IRAs are exempt from execution by creditors. (Md. Cts. & Jud. Proc. Code Ann. Section 11-504(h)).

After his petition was filed, Solomon voluntarily surrendered his medical license and ceased practicing medicine. As a result, his net monthly income decreased from $14,800 to $2,650 (which consisted primarily of monthly mandatory distributions from his Maryland state pension). According to the plan, Solomon proposed to pay the bank-ruptcy trustee $750 per month for an extended term of five years, for a total payout to creditors of $45,000. He planned to use the remainder of his monthly income, together with the income from investments and exempt assets other than his IRAs, to pay his normal living expenses.

Under 11 USC 1325(b), disposable income is income which is received by the debtor and which is not reasonably necessary to be spent on his (or any dependent's) maintenance or support. If (as here) the trustee or the holder of an allowed unsecured claim objects to the confirmation of a Chapter 13 plan and the plan proposes less than full payment of unsecured claims, the plan may be confirmed only if it provides for payments of "all of the debtor's projected disposable income" to be received during the life of the plan.

The Fourth Circuit said that Solomon's IRAs were not "income" under the clear terms of 11 USA 1325(b). Both the statutory definition of "disposable income" as income that is received by the debtor, as well as the statute's requirement that projected income be calculated over the life of the plan, pertain to income that a debtor is *actually receiving* at the time of the confirmation, the court reasoned.

Projected disposable income typically is calculated by multiplying a debtor's monthly income at the time of confirmation by 36 months, the normal duration of a Chapter 13 plan, then determining the portion of that income which is "disposable" according to the statutory definition. It was undisputed that, at the time of the confirmation hearing on Solomon's bankruptcy plan, he was not actually receiving any disbursements from his IRAs. And he further insisted that he had no intention of withdrawing funds from the IRAs during the life of the plan.

On these facts, the Fourth Circuit said that it could not sanction the bankruptcy court's inclusion of a hypothetical amount of income from the IRAs— based on the periodic distributions he could receive without penalty under Reg § 1.408-1(b)(6) which permits withdrawals at age 59 1/2—in the calculation of Solomon's disposable income. Rather than engaging in "hopeless speculation about the future," a court should determine projected disposable income by calculating a debtor's present monthly income and expenditures and extending those amounts over the life of the plan, the court said. Solomon's present, regular monthly income does not include distributions from his IRAs, and the bankruptcy court's imputation of amounts from such speculative distributions in its calculation of disposable income was contrary to the plain terms of the statutory definition, the court Fourth Circuit determined.

Thus the Fourth Circuit found that Chapter 13 debtors are not required to withdraw pension or retirement income to fund a bankruptcy plan that otherwise meets the rules under 11 USC 1325. "A contrary holding could have devastating results for pension and retirement savings," the Fourth Circuit reasoned.

Dissent. The dissent focused on the fact that Solomon, who has retired, refuses to make available to his creditors any income (which is readily accessible without penalty) from three exempt IRAs worth more than $1.4 million. The dissent noted that the retired doctor does not need any income from the IRAs for the reasonable maintenance and support of himself or any dependent. Thus the dissent would have counted the income that Solomon could elect to receive without penalty from his IRAs as projected disposable income for purposes of his Chapter 13 plan. The dissent favored the bankruptcy court's suggestion that a minimum annual IRA distribution be dedicated to the payment of Solomon's creditors during the life of his plan. Thereafter, Solomon (or any other Chapter 13 debtor) would get all of his IRA distributions for the rest of his (projected) lifetime.

Should You Avoid Variable Annuities?

Variable annuities will become considerably less attractive to taxpayers after the proposed capital gains tax cut. Tax-wise investors should examine their options carefully before investing additional dollars in variable annuities or other tax-deferral vehicles.

This makes the cut in long-term capital gains rates the most dramatic change of all the tax proposals in Washington. The obvious effect of the cut is that many investors will keep more after-tax wealth when they cash out of long-term capital assets with gains, such as stocks, bonds, and real estate. (Collectibles are excluded under the proposed change.)

Evaluating your options

The capital gains tax cut will revolutionize the use of tax-deferred vehicles and will cause many sharp taxpayers to reconsider how they invest their money. This will primarily affect the use of Individual Retirement Accounts, variable annuities, and variable life insurance. IRAs have other changes made concerning them in the law, which might offset the changes in the capital gains tax cut. However, variable annuities definitely need to be reconsidered in light of the capital gains cut.

Understanding the law

Tax-deferred vehicles such as variable annuities became very popular after the Tax Reform Act of 1986: The law boosted taxes on long-term gains subject to the same tax rates as ordinary income.

Variable annuities became a great way to shelter your capital gains from tax while being able to trade your portfolio among different mutual funds.

The new tax law makes variable annuities less attractive. When money is distributed from a variable annuity, it is taxed as ordinary income. Putting investment capital into variable annuities converts capital gains into ordinary income. That didn't matter when capital gains were taxed at the same rate as ordinary income. But it began to matter to top tax bracket investors when the capital gains tax rate was capped at 28%. It should matter greatly to all investors when long-term capital gains are taxed at one-half the ordinary income tax rate.

Before the 1986 tax reform, one of the best tax strategies was to convert ordinary income into capital gains. A major tax blunder would be to convert tax-favored capital gains into ordinary income. We're returning to the pre-1986 rules now. **It will be a big mistake to convert capital gains into ordinary income.**

Is the value still there?

In the past I've examined investments in variable annuities using a computer template I developed. Before the new tax law, I found that taxpayers who anticipate being in the 39.6% bracket when income is withdrawn should not use a variable annuity. The higher fees of the variable annuity and the conversion of tax-advantaged capital gains into ordinary income were disadvantages too great for the power of tax-deferral to overcome.

Taxpayers in lower brackets could benefit from variable annuities if they let income and gains compound long enough. Investors who used low-cost annuities, such as those issued by Vanguard and other mutual fund companies, should let the returns compound for at least ten years for the annuity to have a clear advantage over investing in mutual funds through a taxable account. Investing $25,000 into a taxable mutual fund and holding it for 10 years will yield a liquidation value (after taxes and fees) of $50,303. Doing the same with a low cost variable annuity will yield $50,490, while an average cost variable annuity will only yield $48,122. Investors in average cost annuities should have let returns compound tax-deferred for about 15 years.

Holding the same investment for fifteen years will give taxable mutual fund holders a liquidation value (after taxes and fees) of $71,751, holders of low cost variable annuities will see a value of $71,943, and average cost annuity holders should expect to see $66,865.

Effects of the new tax law

The results change under the new tax law, of course. Top bracket taxpayers should still avoid variable annuities. They are much better off letting returns compound in mutual funds than in tax-deferred accounts and eventually paying taxes at the new long-term capital gains rate of 19.5% instead of at the ordinary income rate of 39.6%.

In lower tax brackets, variable annuities become less attractive. But they can still be attractive to taxpayers who let the income and gains compound long enough and take the gains out of the annuity in a tax-wise way.

An investment in a low-cost variable annuity still gives you great after-tax wealth *after* 10 years, but only by a very small amount. By my calculations, the results are even worse if you use an average cost annuity (with about 2% annual expenses). Then, even after 20 years the variable annuity does not give you more after-tax wealth than investing through a taxable account.

Withdrawing your funds

That doesn't mean variable annuities are dead as a tax planning tool. You should plan on withdrawing your money in installments or perhaps even convert it to an immediate annuity once retirement arrives. In that way, you continue the tax-deferral almost forever, paying taxes on only a portion of the annual payouts. After 10 years, even the average cost annuity buys you a slightly higher after-tax annuity payout than the mutual fund account does. After 15 years, both low-cost and average-cost variable annuities buy significantly higher after-tax annuity payouts than the mutual fund account.

There's an easy explanation for this. To buy the annuity from the taxable account, you have to sell all your mutual funds, pay the taxes, and invest the after-tax proceeds in the annuity. But with the variable annuity, you can roll it over to an immediate annuity. This transaction is tax-free. If you don't mind continuing to take market risks, you might get substantially more from the taxable mutual fund account by simply selling enough shares to give you a certain income each year. In effect, you make your own annuity.

Reducing taxes

In my calculations, I assumed that the alternative is taxable mutual funds. In the taxable account, your funds distribute 30% of their annual returns as dividends and 30% as capital gains each year. You also sell 25% of the funds each year, pay taxes on the gains and reinvest the after-tax proceeds. You get better after-tax results with the taxable account if you invest in stock funds and never sell, or you plan to buy individual stocks and hold on to them until retirement. Either strategy greatly reduces the annual taxes on the account.

The Bottom Line

For all the reasons I have outlined above, investors need to take a very close look at special tax-deferred vehicles such as variable annuities. Those of you in the top tax brackets should avoid variable annuities. Those of you in lower tax brackets should consider them only if you plan to let income and gains accumulate in the annuity for a long time. Then convert to an immediate annuity and receive payments over a long period of years.

[*Reprinted with permission of* Tax-Wise Money, *Feb. 1996. Agora Financial Publishing, 824 E. Baltimore St., Baltimore, MD 21202. Subscriptions: 800-433-1528, $39/yr.*]

Retire Richer With Variable Annuities

You can't save too much for your retirement years. If you have contributed all you can to Individual Retirement Accounts (IRAs), Keogh plans and 401(k) plans, it is time for you to consisder annuities.

Advantages: Money invested in an annuity builds up tax-deferred until you begin withdrawing—any time after you turn 59½.

Disadvantage: If you must withdraw money before age 59½, you face possible surrender charges and taxes.

Unlike IRAs, Keogh, and 401(k) plans, there is no maximum amount that you are allowed to contribute to an annuity.

TWO TYPES OF ANNUITIES

- **Fixed annuities** grow at a declared interest rate. They pay out a set amount each month when you start withdrawing from them. The fixed payment adds certainty to your retirement planning.
- **Variable annuities.** Your money is invested as you wish in an assortment of professionally managed stock, bond, and money-market funds. The ultimate payout depends on how your investment selections perform. You surrender certainty with a variable annuity—but gain growth potential and protection against the eroding power of inflation.

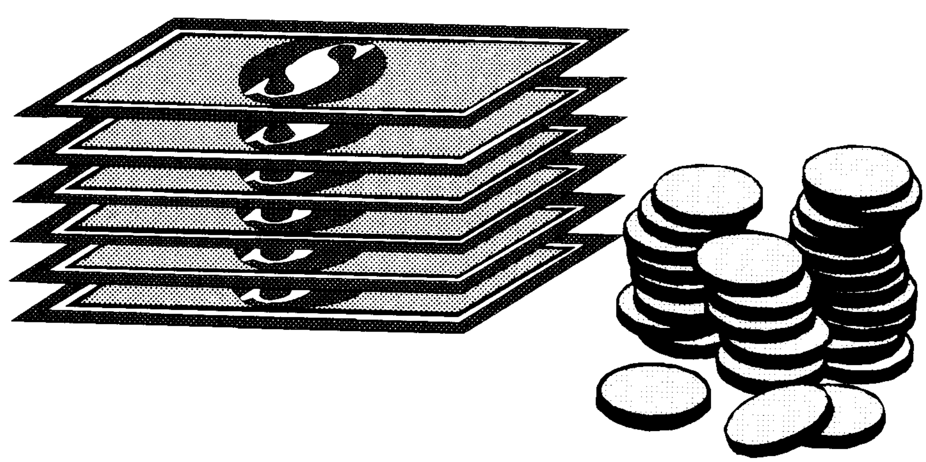
Which to choose: In most cases variable annuities make more sense, given their potential to outpace inflation.

There are two types of variable annuities—those that charge loads and those that don't.

A "load" charged by a variable annuity doesn't refer to the front-end commission that mutual funds charge. It refers to the surrender fees charged if you bail out of the product early. You can avoid running the risk of paying such charges if you need to abandon the annuity by investing in a no-load variable annuity, which is available from major mutual fund and financila service companies.

Important: Pick a variable annuity with enough funds so you can select from among different asset classes. Because a variable annuity is a long-term investment, you can emphasize growth, assuming that your long time horizon will make up for occasional declines in the market.

[*Reprinted with permission of* Bottom Line Personal, *March 15, 1996. Boardroom, Inc. Subscriptions: 800-274-5611, $49/yr.*]



Trade Now!

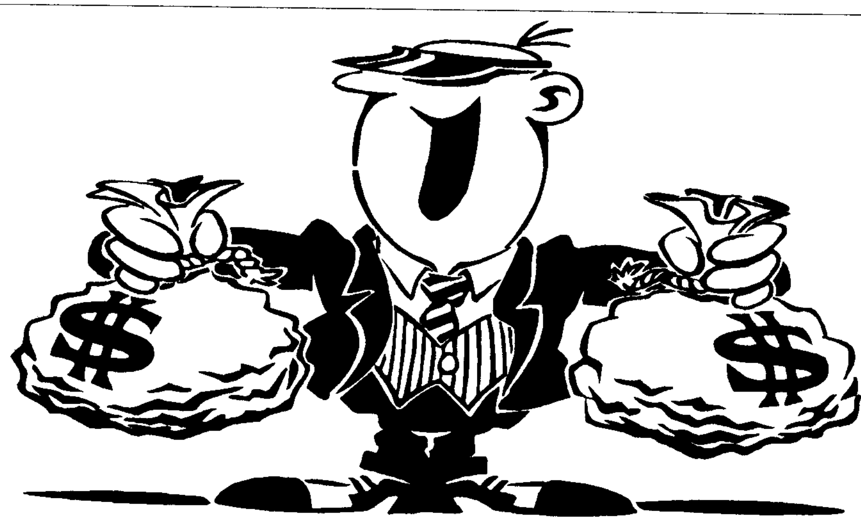
Closed-End Fund System: Buying closed-end funds at large discounts below their net asset values is a strategy proven to beat the market. A new *Mutual Fund Forecaster* study refines this concept and takes it a step further. It shows you can boost returns even further by buying deep-discount closed-end funds whose discoungts exceed their average discounts of the last five years.

Consider the closed-end fund universe five years ago. If you had bought all of the funds with the discounts of at least 15%, you would have earned an average five-year total return of 153%. Impressive. But the performances of the five funds whose discounts exceeded their five-year averages trounced that figure. *Baker Fentress, Bancroft Convertible, Central Securities, Convertible Holdings Capital*, and *Gemini II Capital* returned an average of 195%. By comparison, the S&P 500 Index rose only 120% in this period.

A current screening of our database turns up 22 funds that meet this more restrictive set of criteria. Of these, eight have discounts of at least 20%

[*Reprinted with permission from* Mutual Fund Forecaster, *December 1995. Subscriptions: 800-442-9000, $100/yr.*]

Fund	Symbol	Recent Price	Discount Below NAV	Current Disc. Below 5-Year Average Disc.
First Iberian	IBF	7½	24%	12%
Alliance Global Env.	AEF	9⅞	25%	9%
Central European Eq.	CEE	16	23%	9%
Clemente Global Gr.	CLM	8¼	24%	9%
Worldwide Value	VLU	16	24%	8%
New Germany	GF	12⅛	21%	7%
Inefficient Market	IMF	11	20%	5%
Engex	EGX	11	23%	1%



The Case of the Shrinking Book Value

Companies are jacking up earnings by slowing selling the store. Look at the Dow, and think of it as a single company. From 1991 through 1994 it generated a total of $560 in earnings per share and paid out $401 a share in dividends. The difference, $159 a share, should have been retained by the company to invest in its business and thus boost its book value, or net worth (assets minus liabilities). But it didn't happen. Instead, the Dow's book value shrank $27 a share—from $1,332 at the end of 1990 to $1,305 in 1994.

What that means is a lot of money vanished—$159 in earnings not paid out as dividends along with $27 stripped off the Dow's book value. Where did that money go? Most of it went down a sinkhole known as one-time charges against earnings. Occasional charges are normal. But in the '90s they have grown steady and large. Twenty-four of the 30 Dow companies took charges in 1991-1994. The net effect was to reduce the intrinsic value of the Dow, even while reported earnings were exploding and investors were basing ever higher stock prices on those exploding earnings.

The question now: How long will it be before investors see that they've been paying more and more for an enterprise that is slowly dissolving? Of course, the Dow won't actually dissolve. Long before the store is completely sold, the market will decide to care that all those exploding earnings haven't built a thing except an ovepriced stock market. Dividends haven't increased much. Net worth has fallen. What's left to underpin the market?

"If earnings have been vastly overstated," says highly-regarded money manager Michael O'Higgins, (who advances the above argument), "the only prop under this market is the greater fool theory."

[*Reprinted with permission of* USA Today, *Feb. 2, 1996, Daniel Kadlec, Columnist. 1000 Wilson Boulevard, Arlington, VA 222229. Subscriptions: 800-872-0001*]

We Want to Hear From You

Do you have an annuity-related story or comments about a news article in our magazine that you would like to share? Please drop us a note today. Address your letters to:

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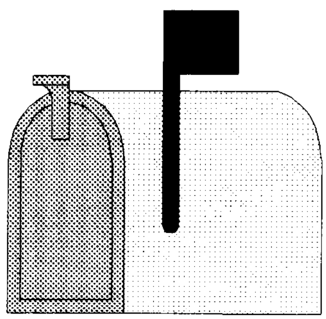

From The Mailbag

Michael B. Weber, CFP, CTA of Dumont, NJ writes: "In your April-June 1996 issue, the article 'The Real Scoop on Living Trusts' leaves out an important use of Living Trusts for those clients who own property in two or more states, and that is the avoidance of anciallary probate; and also the choice of which state laws will apply." From Michael B. Weber, CFP, CTA, Coordinated Financial Programs, Box 314, Dumont NJ 07628-0314. Phone or Fax: (201) 387-9059.

Beating the Dow

The "Beating the Dow" strategy, which is also referred to as the "Dogs of the Dow" method, concentrates on finding the best-situated blue-chip stocks. It works like this: Simply list the Dow Jones Industrial stocks in the order of their current dividend returns and select the ten highest yields. Almost every year, these stocks will return more than the Dow itself—with a high degree of diversification and safety. Still better returns are achieved (with slightly less safety) by buying the five lowest priced stocks among the ten highest yielders.

This low-priced yield system beat the Dow in 18 of the last 23 years, usually by a very substantial margin. If you had invested just $1,000 in this technique starting in 1973, you'd have amassed $78,545 by now (before commissions). That compares with just $13,292 if you'd bought and kept the 30 Dow stocks. The table shows the current choices—the ten highest yielders as of January 1, 1996. So far this year, however, the "Dogs of the Dow" stocks have returned 10.4%, exactly the same as the Dow Jones Industrials Index itself.

'Beating-the-Dow' Portfolio

Stock (symbol)	Yield 1/1/96	Price 1/1/96	Price 6/17/96	Percent Change
Int'l Paper (IP)	2.4%	37-7/8	39-7/8	+5.2
Chevron (CHV)	3.8%	52-3/8	60	+14.5
General Motors (GM)	3.0%	52-7/8	55 5/8	+5.3
Minn. Mining & Mfg. (MMM)	2.8%	66-3/8	68-3/8	+3.0
General Electric (GE)	2.3%	72	86-1/8	+19.6
duPont (DD)	2.6%	69-7/8	78-3/8	+12.2
J.P. Morgan (JPM)	4.1%	80-1/4	85-7/8	+7.0
Texaco (TX)	3.9%	78-5/8	84-1/8	+6.9
Exxon (XON)	3.7%	80-1/2	84-1/2	+4.9
Phillip Morris (MO)	4.2%	90-1/4	104-1/2	+15.7
"Beating the Dow" Average Gain				+10.4
Dow Jones Industrials (30 stocks)		5117	5652	+10.4

A Sure Thing

What does history tell us about market performance after very strong years? It gives mixed signals about the following year, although more often than not, the market rises. But, January 1 is an artificial delineation. So more important is this: Following super-strong years (the nine occasions where the Dow rose at least 35%), there was a major peak within a year two-thirds of the time, and within the next two years, 100% of the time...pretty powerful odds!

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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 un-funded liability, or increase the reversion available from an overfunded plan.

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

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

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

SETTING OBJECTIVES AND PROTECTING PLAN ASSETS

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

PREPARING THE BID SPECIFICATIONS AND DATA LISTINGS

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

MANAGING THE COMPETITIVE BIDDING PROCESS

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

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

ANNUITY PURCHASE / WIRE TRANSFER / DECISION DAY

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

TAKEOVER PROCEDURE/ CONTRACT ISSUANCE

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

HOW TO OBTAIN GROUP ANNUITY QUOTES

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

Immediate Annuities Update

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

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

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

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

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

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

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

Immediate Annuities Update

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

Reporting Companies	Issue Ages	Male 60 Life	Female 60 Life	Unisex 60 Life	Male 65 Life	Female 65 Life	Unisex 65 Life
AIG Life	0-85	$ 6.71	$ 6.18	-	$ 7.81	$ 6.74	-
American Heritage	0-85	$ 7.13	$ 6.54	$ 6.66	$ 7.94	$ 7.16	$ 7.32
American Investors	0-85	$ 6.35	$ 5.80	$ 6.08	$ 7.13	$ 6.39	$ 6.76
Amer. Life & Casualty	0-90	$ 6.81	$ 6.23	-	$ 7.53	$ 6.78	-
AmerUs Life*	5-90	$ 6.61	$ 6.61	-	$ 7.32	$ 7.32	-
Canada Life Assur.	40-90	$7.28	$ 6.71	$ 6.71	$ 8.05	$ 7.31	$ 7.31
Columbia Universal	0-85	$ 6.91	$ 6.32	-	$ 7.72	$ 6.95	-
Commercial Union LIC	0-80	$ 7.19	$ 6.66	$ 6.91	$ 7.91	$ 7.21	$ 7.53
Delta Life & Annuity	1-99	$ 7.09	$ 6.42	$ 6.67	$ 8.01	$ 7.09	$ 7.42
Empire Life	0-95	$ 7.07	$ 6.44	$ 6.95	$ 7.95	$ 7.10	$ 7.78
Federal Home LIC	0-85	$ 7.36	$ 6.81	-	$ 8.15	$ 7.40	-
Fidelity & Guaranty Life	0-70	$ 6.89	$ 6.89	$ 6.89	$ 7.53	$ 7.53	$ 7.53
Franklin LIC	0-100	$ 6.56	$ 6.07	$ 6.25	$ 7.21	$ 6.54	$ 6.78
General American LIC	0-79	$ 6.79	$ 6.23	$ 6.23	$ 7.61	$ 6.88	$ 6.88
Great American LIC	18-85	$ 6.96	$ 6.30	-	$ 7.81	$ 7.00	-
Golden Rule	0-80	$ 6.63	$ 6.15	-	$ 7.28	$ 6.62	-
Jackson National LIC	no limit	$ 7.12	$ 6.57	$ 6.79	$ 7.89	$ 7.15	$ 7.44
Jefferson Pilot LIC	15-85	$ 7.02	$ 6.38	-	$ 7.89	$ 7.08	-
Kansas City LIC	0-90	-	-	$ 6.75	-	-	$ 7.41
London Pacific	45-85	$ 6.95	$ 6.44	-	$ 7.58	$ 6.89	-
Manufacturers LIC	1-100	$ 6.76	$ 5.93	$ 6.39	$ 7.59	$ 6.59	$ 7.08
Metropolitan Life	0-85	$ 6.94	$ 6.56	$ 6.56	$ 7.79	$ 7.45	$ 7.45
Midwestern Nat'l LIC	0-80	$ 6.35	$ 5.81	$ 5.81	$ 7.11	$ 6.39	$ 6.39
Nat'l Guardian	20-90	$ 7.05	$ 6.36	$ 6.71	$ 7.99	$ 7.05	$ 7.52
Ohio National	0-85	$ 7.03	$ 6.40	$ 6.47	$ 7.87	$ 7.04	$ 7.12
Penn Mutual	0-85	$ 7.31	$ 7.31	$ 7.31	$ 8.09	$ 8.09	$ 8.09
Presidential LIC	0-85	$ 7.35	$ 6.92	$ 6.92	$ 8.06	$ 7.48	$ 7.48
Principal Mutual LIC	0-85	$ 7.11	$ 6.51	$ 6.75	$ 7.75	$ 6.95	$ 7.27
Provident Mutual	0-85	$ 6.98	$ 6.44	-	$ 7.46	$ 6.73	-
SAFECO LIC	55-80	-	-	$ 6.57	-	-	$ 7.10
Savings Bank LIC/Mass	0-80	-	-	$ 6.12	-	-	$ 6.88
Security Benefit LIC	0-100	$ 7.00	$ 6.43	$ 6.43	$ 7.78	$ 7.00	$ 7.00
Security Mutual/NY	20-80	$ 7.45	$ 6.51	-	$ 8.50	$ 7.25	-
Southwestern LIC	5-90	-	-	$ 6.38	-	-	$ 6.99
Standard Insurance	0-80	$ 7.00	$ 6.43	$ 6.56	$ 7.74	$ 6.98	$ 7.15
USG Annuity & Life	35-85	-	-	$ 6.74	-	-	$ 7.38
United Companies LIC	0-99	$ 6.46	$ 5.89	-	$ 7.27	$ 6.51	-
United Presidential LIC	20-80	$ 6.43	$ 5.88	$ 5.88	$ 7.20	$ 6.47	$ 6.47
United Services Life	0-85	$ 6.86	$ 6.26	$ 6.63	$ 7.70	$ 6.92	$ 7.39
WM Life Insur. Co.	0-95	$ 7.07	$ 6.44	$ 6.95	$ 7.95	$ 7.10	$ 7.78
Western National LIC	1-100	$ 7.01	$ 6.46	-	$ 7.77	$ 7.04	-
Western United	0-105	$ 7.16	$ 6.52	$ 6.83	$ 8.05	$ 7.22	$ 7.60

Figures represent monthly income per $1,000, assuming $100,000 deposit. Survey period: May 21, 1996 thru May 24, 1996.
*Formerly American Mutual Life Insurance Company

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

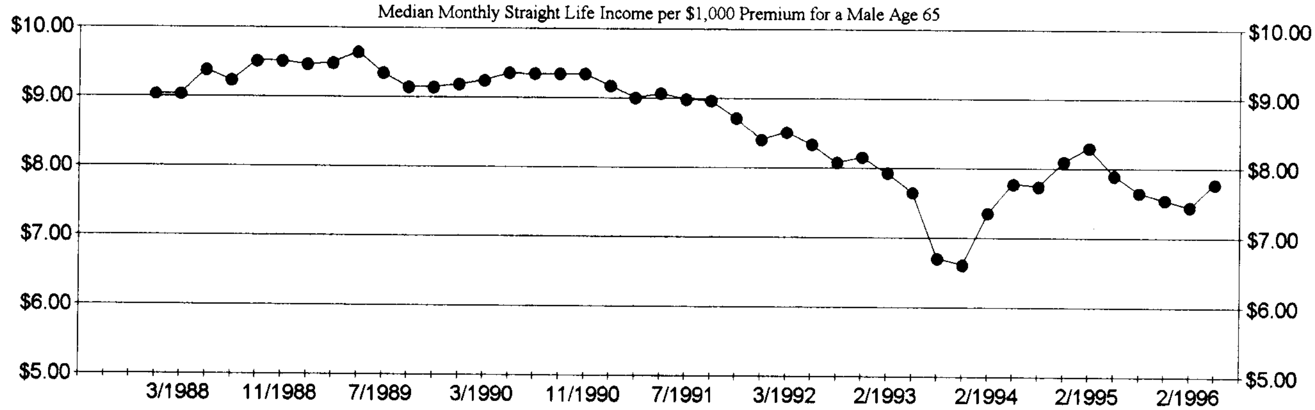
Reporting Companies	Issue Ages	Male70 Life	Female 70 Life	Unisex 70 Life	Male 75 Life	Female 75 Life	Unisex 75 Life
AIG Life	0-85	$ 8.52	$ 7.55	-	$ 10.04	$ 8.80	-
American Heritage	0-85	$ 9.10	$ 8.05	$ 8.27	$10.74	$ 9.39	$ 9.67
American Investors	0-85	$ 8.22	$ 7.24	$ 7.73	$ 9.77	$ 8.51	$ 9.13
Amer. Life & Casualty	0-90	$ 8.34	$ 7.44	-	$ 9.55	$ 8.48	-
AmerUs Life*	5-90	$ 8.34	$ 8.34	-	$ 9.85	$ 9.85	-
Canada Life Assur.	40-90	$ 9.13	$ 8.14	$ 8.14	$10.61	$ 9.38	$ 9.38
Columbia Universal	0-85	$ 8.89	$ 7.84	-	$10.53	$ 9.19	-
Commercial Union LIC	0-80	$ 8.95	$ 8.00	$ 8.42	$10.43	$ 9.20	$ 9.72
Delta Life & Annuity	1-99	$ 9.30	$ 8.01	$ 8.47	$ 10.73	$ 9.62	$ 9.96
Empire Life	0-95	$ 9.20	$ 8.06	$ 8.97	$ 10.98	$ 9.51	$ 10.68
Federal Home LIC	0-85	$ 9.26	$ 8.26	-	$10.84	$ 9.56	-
Franklin LIC	0-100	$ 8.13	$ 7.23	$ 7.54	$ 9.43	$ 8.27	$ 8.65
General American LIC	0-79	$ 8.61	$ 7.74	$ 7.74	$ 9.98	$ 8.86	$ 8.86
Golden Rule	0-80	$ 8.21	$ 7.30	-	$ 9.52	$ 8.35	-
Great American LIC	18-85	$ 9.04	$ 8.05	-	$10.83	$ 9.68	-
Jackson National LIC	no limit	$ 8.99	$ 7.99	$ 8.39	$10.54	$ 9.26	$ 9.76
Jefferson Pilot LIC	15-85	$ 9.08	$ 7.99	-	$10.76	$ 9.38	-
Kansas City Life	0-90	-	-	$ 8.36	-	-	$ 9.75
London Pacific	45-85	$ 8.51	$ 7.56	-	$ 9.83	$ 8.62	-
Manufacturers LIC	1-100	$ 8.77	$ 7.39	$ 8.07	$10.40	$ 8.61	$ 9.49
Metropolitan Life	0-85	$ 8.94	$ 8.35	$ 8.35	$10.54	$ 9.58	$ 9.58
Midwestern Nat'l LIC	0-80	$ 8.18	$ 7.21	$ 7.21	$ 9.69	$ 8.45	$ 8.45
Nat'l Guardian	20-90	$ 9.31	$ 8.02	$ 8.67	$11.15	$ 9.51	$10.33
Ohio National	0-85	$ 9.04	$ 7.94	$ 8.05	$ 10.70	$ 9.28	$ 9.42
Penn Mutual	0-85	$ 9.21	$ 9.21	$ 9.21	$10.80	$10.80	$10.80
Presidential LIC	0-85	$ 9.07	$ 8.28	$ 8.28	$10.56	$ 9.49	$ 9.49
Principal Mutual LIC	0-85	$ 8.68	$ 7.63	$ 8.05	$10.06	$ 8.72	$ 9.26
Provident Mutual LIC	0-85	$ 8.33	$ 7.46	-	$ 9.44	$ 8.33	-
SAFECO LIC	55-80	-	-	$ 7.87	-	-	$ 9.04
Savings Bank LIC/Mass	0-80	-	-	$ 7.95	-	-	$ 9.51
Security Benefit	0-100	$ 8.90	$ 7.85	$ 7.85	$10.48	$ 9.14	$ 9.14
Security Mutual/NY	20-80	$ 9.97	$ 8.36	-	$11.94	$ 9.97	-
Southwestern LIC	5-90	-	-	$ 7.87	-	-	$ 9.18
Standard Insurance	0-80	$ 8.81	$ 7.77	$ 8.00	$10.02	$ 8.69	$ 8.99
USG Annuity & Life	35-85	-	-	$ 8.27	-	-	$ 9.55
United Companies LIC	0-99	$ 8.41	$ 7.39	-	$10.02	$ 8.72	-
United Presidential LIC	20-80	$ 8.28	$ 7.31	$ 7.31	$ 9.81	$ 8.56	$ 8.56
United Services Life	0-85	$ 8.87	$ 7.83	$ 8.45	$10.50	$ 9.18	$ 9.97
WM Life Insur. Co.	0-95	$ 9.20	$ 8.06	$ 8.97	$ 10.98	$ 9.51	$ 10.68
Western National LIC	1-100	$ 8.86	$ 7.87	-	$10.39	$ 9.13	-
Western United Life	0-105	$ 9.29	$ 8.19	$ 8.69	$11.01	$ 9.62	$10.23

Figures represent monthly income per $1,000, assuming $100,000 deposit. Survey period: May 21, 1996 thru May 24, 1996
*Formerly American Mutual Life Insurance Company

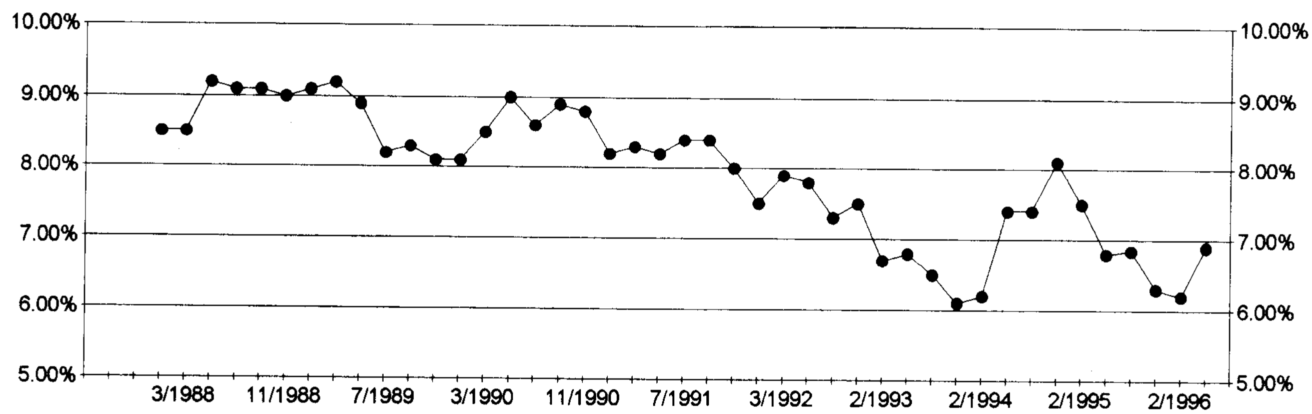
Annuity Price Trends

Immediate "Life Only" Annuities

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

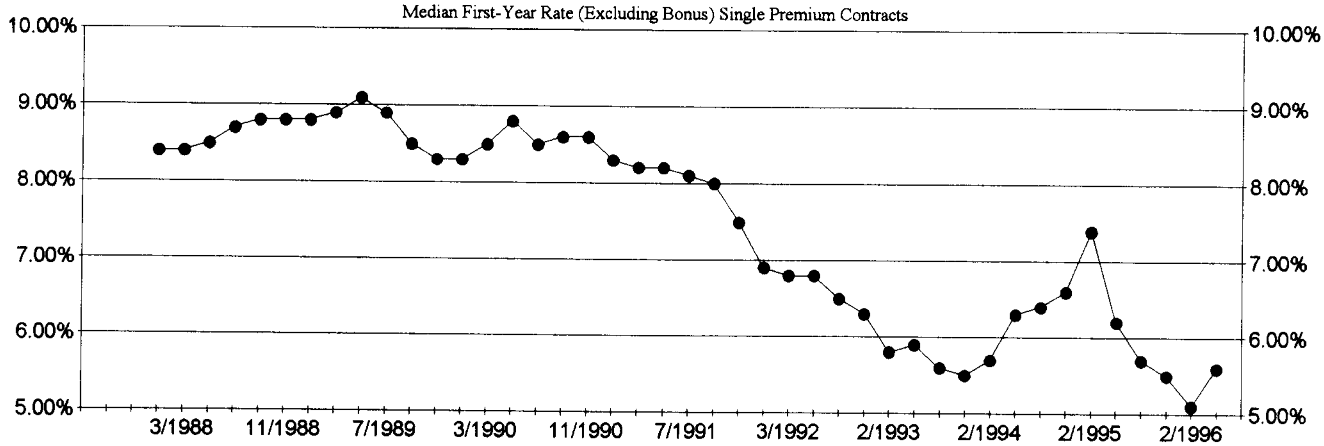


30 Year Treasury Bonds



Deferred Annuities

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



Immediate Annuities Update

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

Reporting Companies	Issue Ages	10Yr CL Unisex 60	10Yr CL Unisex 70	5Yr PC No Life	10Yr PC No Life	M65 F60 J&S 50%	M65F60 J&S 100%
AIG Life	0-85	-	-	$ 18.34	$ 10.57	$ 6.88	$ 6.15
American Heritage	0-85	$ 6.54	$ 7.80	$ 19.25	$ 11.02	$ 6.15	$ 6.93
American Investors	0-85	$ 5.95	$ 7.20	$17.74	$10.02	$ 6.26	$ 5.45
Amer. Life & Casualty	0-90	-	-	$18.09	$10.46	-	$ 5.83
AmerUs Life*	5-90	$ 6.44	$ 7.70	$18.24	$10.54	$ 6.94	$ 6.00
Canada Life Assurance	40-90	$6.62	$ 7.78	$18.56	$10.76	$ 7.11	$ 6.35
Columbia Universal	0-85	-	-	$19.11	$10.86	$ 6.71	$ 5.94
Commercial Union	0-80	$ 6.75	$ 7.85	$17.73	$10.41	$ 6.64	$ 6.17
Delta Life & Annuity	1-99	$ 6.52	$ 7.90	$18.78	$10.92	$ 6.44	$ 6.02
Empire Life	0-95	$ 6.72	$ 8.10	$18.49	$10.58	$ 6.86	$ 6.04
Federal Home LIC	0-85	-	-	$18.32	$10.65	$ 7.18	$ 6.42
Fidelity & Guaranty Life	0-70	$ 6.71	$ 7.91	$ 18.31	$10.65	$ 7.20	$ 6.28
Franklin LIC	0-100	$ 6.16	$ 7.20	-	-	$ 6.41	$ 5.77
General American LIC	0-79	$ 6.15	$ 7.41	-	-	$ 6.65	$ 5.90
Great American LIC	11-85	$ 6.17	$ 7.57	$18.65	$10.79	$ 6.98	$ 5.87
Golden Rule	0-80	-	-	-	$10.65	$ 6.66	$ 5.84
Jackson National LIC	no limit	$ 6.65	$ 7.84	$18.47	$10.71	$ 6.94	$ 6.20
Jefferson Pilot LIC	15-85	-	-	$18.26	$10.49	$ 6.81	$ 5.99
Kansas City Life	0-90	$ 6.61	$ 7.14	$18.82	$10.78	$ 6.74	$ 6.17
London Pacific	45-85	-	-	$18.60	$10.61	-	-
Manufacturers LIC	1-100	$ 6.24	$ 7.48	$ 17.74	$10.22	$ 6.51	$ 5.61
Metropolitan	0-85	$ 6.78	$ 8.11	$18.35	$10.80	$ 6.72	$ 6.08
Midwestern Nat'l LIC	0-80	$ 5.72	$ 6.88	$17.77	$10.12	$ 6.58	$ 5.81
Nat'l Guardian	20-90	$ 6.50	$ 7.82	-	-	-	$ 5.95
Ohio National	0-85	$ 6.35	$ 7.60	$ 18.37	$ 10.69	$ 6.83	$ 6.03
Penn Mutual	0-85	$ 7.12	$ 8.41	$ 18.56	$ 10.93	$ 7.39	$ 6.73
Presidential LIC	0-85	$ 6.81	$ 7.89	$18.59	$10.89	$ 7.22	$ 6.86
Principal Mutual LIC	0-85	$ 6.61	$ 7.59	$18.62	$10.63	$ 6.93	$ 6.21
Provident Mutual	0-85	-	-	-	-	-	$ 5.39
SAFECO LIC	55-80	$ 6.47	$ 7.51	-	-	-	-
Savings Bank LIC/Mass	0-80	$ 5.98	$ 7.36	-	$10.41	-	$ 5.51
Security Benefit	0-100	$ 6.33	$ 7.49	$18.40	$10.53	$ 6.81	$ 6.06
Security Mutual/NY	20-80	-	-	-	-	$ 7.12	$ 6.13
Southwestern LIC	5-90	$ 6.26	$ 7.40	$18.44	$10.48	-	-
Standard Insurance	0-80	$ 6.45	$ 7.58	$17.75	$10.42	$ 6.82	$ 6.36
USG Annuity & Life	35-80	$ 6.60	$ 7.74	$18.72	$10.91	-	$ 6.17
United Companies LIC	0-99	-	-	$16.87	$10.51	-	-
United Presidential LIC	20-80	$ 5.98	$ 7.21	$17.61	$10.25	$ 6.25	$ 5.52
United Services Life	0-85	$ 6.46	$ 7.79	$18.06	$10.28	-	$ 5.87
WM Life Insur. Co.	0-95	$ 6.72	$ 8.10	$18.49	$10.58	$ 6.86	$ 6.04
Western National LIC	1-100	-	-	$18.77	$10.64	$ 6.82	$ 6.08
Western United Life	0-105	-	-	$19.15	$11.50	-	-

Figures represent monthly income per $1,000, assuming $100,000 deposit. Survey period: May 21, 1996 thru May 24, 1996
*Formerly American Mutual Life Insurance Company

Life Expectancy Tables

The following two actuarial tables are used for calculating the taxes on annuity payments from qualified plans and tax sheltered annuities. The gender-based Table I is used if the contract does not include a post-June 30, 1986 investment. The unisex Table V is used if the contract includes a post-June 30, 1986 investment. Table V is also currently used to compute life expectancy for purposes of the minimum distribution requirements applicable to individual retirement plans, tax-sheltered annuities, and qualified retirement plans, and for determining the life expectancy of a beneficiary receiving a life income of death proceeds of life insurance. For these purposes, Table V is used without regard to the effective date of the contract.

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

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

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

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

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

Reporting Companies	Issue Ages	Male 60 Life	Female 60 Life	Unisex 60 Life	Male 65 Life	Female 65 Life	Unisex 65 Life
AIG Life	0-85	$ 6.71	$ 6.18	-	$ 7.81	$ 6.74	-
American Heritage	0-85	$ 7.13	$ 6.54	$ 6.66	$ 7.94	$ 7.16	$ 7.32
American Investors LIC	0-85	$ 6.35	$ 5.80	$ 6.08	$ 7.13	$ 6.39	$ 6.76
Amer. Life & Casualty	0-90	$ 6.81	$ 6.23	-	$ 7.53	$ 6.78	-
AmerUs Life*	5-90	$ 6.89	$ 6.31	-	$ 7.71	$ 6.92	-
Canada Life Assur.	40-90	$ 7.26	$ 6.70	$ 6.70	$ 8.04	$ 7.29	$ 7.29
Columbia Universal LIC	0-85	$ 6.91	$ 6.32	-	$ 7.72	$ 6.95	-
Commercial Union LIC	0-80	$ 7.19	$ 6.66	$ 6.91	$ 7.91	$ 7.21	$ 7.53
Delta Life & Annuity	0-99	$ 7.09	$ 6.42	$6.67	$ 8.01	$ 7.09	$ 7.42
Empire Life	0-95	$ 7.07	$ 6.44	$ 6.95	$ 7.95	$ 7.10	$ 7.78
Federal Home LIC	0-85	$ 7.36	$ 6.81	-	$ 8.15	$ 7.40	-
Fidelity & Guaranty Life	0-70	$ 7.23	$ 6.53	$ 6.89	$ 7.98	$ 7.08	$ 7.53
Franklin LIC	0-100	$ 6.55	$ 6.06	$ 6.24	$ 7.19	$ 6.53	$ 6.77
General American LIC	0-79	$ 6.79	$ 6.23	$ 6.23	$ 7.61	$ 6.88	$ 6.88
Great American LIC	18-85	$ 6.96	$ 6.30	-	$ 7.81	$ 7.00	-
Golden Rule	0-80	$ 6.63	$ 6.15	-	$ 7.28	$ 6.62	-
Jackson National LIC	no limit	$ 7.12	$ 6.57	$ 6.79	$ 7.89	$ 7.15	$ 7.44
Jefferson Pilot LIC	15-85	$ 7.02	$ 6.38	-	$ 7.89	$ 7.08	-
Kansas City LIC	0-90	$ 7.03	$ 6.47	$ 6.75	$ 7.79	$ 7.03	$ 7.41
London Pacific	45-85	$ 6.95	$ 6.44	-	$ 7.58	$ 6.89	-
Manufacturers LIC	1-100	$ 6.76	$ 5.93	$ 6.39	$ 7.59	$ 6.59	$ 7.08
Midwestern Nat'l LIC	0-80	$ 6.35	$ 5.81	$ 5.81	$ 7.11	$ 6.39	$ 6.39
Nat'l Guardian LIC	20-90	$ 7.05	$ 6.36	$ 6.71	$ 7.99	$ 7.05	$ 7.52
Ohio National	0-85	$ 7.03	$ 6.40	-	$ 7.87	$ 7.04	-
Penn Insur. and Annuity	0-85	$ 7.47	$ 6.85	$ 7.17	$ 8.22	$ 7.38	$ 7.81
Penn Mutual	0-85	$ 7.47	$ 6.85	$ 7.17	$ 8.22	$ 7.38	$ 7.81
Presidential LIC	0-85	$ 7.35	$ 6.92	$ 6.92	$ 8.06	$ 7.48	$ 7.48
Principal Mutual	0-85	$ 7.08	$ 6.49	-	$ 7.72	$ 6.93	-
Provident Mutual	0-85	$ 6.98	$ 6.44	-	$ 7.46	$ 6.73	-
Savings Bank LIC/Mass	0-80	-	-	$ 6.12	-	-	$ 6.88
Security Benefit LIC	0-100	$ 7.00	$ 6.43	$ 6.43	$ 7.78	$ 7.00	$ 7.00
Security Mutual/NY	20-80	$ 7.03	$ 6.41	-	$ 7.82	$ 7.05	-
Southwestern LIC	5-90	$ 6.65	$ 6.12	-	$ 7.36	$ 6.63	-
Standard Insurance	0-80	$ 7.00	$ 6.43	$ 6.56	$ 7.74	$ 6.98	$ 7.15
USG Annuity & Life	35-85	$ 7.42	$ 6.74	-	$ 8.30	$ 7.38	-
United Companies	0-99	$ 6.46	$ 5.89	-	$ 7.27	$ 6.51	-
United Presidential LIC	20-80	$ 6.28	$ 5.74	$ 5.74	$ 7.05	$ 6.32	$ 6.32
United Services Life	0-85	$ 6.86	$ 6.26	$ 6.63	$ 7.70	$ 6.92	$ 7.39
WM Life Insur. Co.	0-95	$ 7.07	$ 6.44	$ 6.95	$ 7.95	$ 7.10	$ 7.78
Western National LIC	1-100	$ 7.01	$ 6.46	-	$ 7.77	$ 7.04	-
Western United	0-105	$ 7.16	$ 6.52	$ 6.83	$ 8.05	$ 7.22	$ 7.60

Figures represent monthly income per $1,000, assuming $100,000. Survey period: May 21, 1996 thru May 24, 1996.
*Formerly American Mutual Life Insurance Co.

Immediate Annuities Update

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

Reporting Companies	Issue Ages	Male 70 Life	Female 70 Life	Unisex 70 Life	Male 75 Life	Female 75 Life	Unisex 75 Life
AIG Life	0-85	$ 8.52	$ 7.55	-	$10.04	$ 8.80	-
American Heritage	0-85	$ 9.10	$ 8.05	$ 8.27	$10.74	$ 9.39	$ 9.67
American Investors LIC	0-85	$ 8.22	$ 7.24	$ 7.73	$ 9.77	$ 8.51	$ 9.13
Amer. Life & Casualty	0-90	$ 8.34	$ 7.44	-	$ 9.55	$ 8.48	-
AmerUs Life*	5-90	$ 8.88	$ 7.80	-	$10.55	$ 9.16	-
Canada Life Assur.	40-90	$ 9.12	$ 8.12	$ 8.12	$10.60	$ 9.36	$ 9.36
Columbia Universal LIC	0-85	$ 8.89	$ 7.84	-	$10.53	$ 9.19	-
Commercial Union LIC	0-80	$ 8.95	$ 8.00	$ 8.42	$10.43	$ 9.20	$ 9.72
Delta Life & Annuity	0-99	$ 9.30	$ 8.01	$ 8.47	$10.73	$ 9.62	$ 9.96
Empire Life	0-95	$ 9.20	$ 8.06	$ 8.97	$10.98	$ 9.51	$ 10.68
Federal Home LIC	0-85	$ 9.26	$ 8.26	-	$10.84	$ 9.56	-
Franklin LIC	0-100	$ 8.11	$ 7.21	$ 7.52	$ 9.41	$ 8.25	$ 8.63
General American LIC	0-79	$ 8.61	$ 7.74	$ 7.74	$ 9.98	$ 8.86	$ 8.86
Golden Rule	0-80	$ 8.21	$ 7.30	-	$ 9.52	$ 8.35	-
Great American LIC	18-85	$ 9.04	$ 8.05	-	$10.83	$ 9.68	-
Jackson National LIC	no limit	$ 8.99	$ 7.99	$ 8.39	$10.54	$ 9.26	$ 9.76
Jefferson Pilot LIC	15-85	$ 9.08	$ 7.99	-	$10.76	$ 9.38	-
Kansas City Life	0-90	$ 8.89	$ 7.85	$ 8.36	$10.43	$ 9.10	$ 9.75
London Pacific	45-85	$ 8.51	$ 7.56	-	$ 9.83	$ 8.62	-
Manufacturers LIC	1-100	$ 8.77	$ 7.39	$ 8.07	$10.40	$ 8.61	$ 9.49
Midwestern Nat'l LIC	0-80	$ 8.18	$ 7.21	$ 7.21	$ 9.69	$ 8.45	$ 8.45
Nat'l Guardian LIC	20-90	$ 9.31	$ 8.02	$ 8.67	$11.15	$ 9.51	$10.33
Ohio National	0-85	$ 9.04	$ 7.94	-	$ 10.70	$ 9.28	-
Penn Insurance & Annuity	0-85	$ 9.28	$ 8.13	$ 8.73	$10.79	$ 9.21	$10.07
Penn Mutual	0-85	$ 9.28	$ 8.13	$ 8.73	$10.79	$ 9.21	$10.07
Presidential LIC	0-85	$ 9.07	$ 8.28	$ 8.28	$10.56	$ 9.49	$ 9.49
Principal Mutual LIC	0-85	$ 8.66	$ 7.61	-	$10.03	$ 8.69	-
Provident Mutual LIC	0-85	$ 8.33	$ 7.46	-	$ 9.44	$ 8.33	-
Savings Bank LIC/Mass	0-80	-	-	$ 7.95	-	-	$ 9.51
Security Benefit	0-100	$ 8.90	$ 7.85	$ 7.85	$10.48	$ 9.14	$ 9.14
Security Mutual/NY	20-80	$ 8.97	$ 8.02	-	$10.65	$ 9.55	-
Southwestern LIC	5-90	$ 8.39	$ 7.39	-	$ 9.84	$ 8.56	-
Standard Insurance	0-80	$ 8.81	$ 7.77	$ 8.00	$10.02	$ 8.69	$ 8.99
USG Annuity & Life	35-85	$ 9.51	$ 8.27	-	$11.08	$ 9.55	-
United Companies LIC	0-99	$ 8.41	$ 7.39	-	$10.02	$ 8.72	-
United Presidential LIC	20-80	$ 8.14	$ 7.16	$ 7.16	$ 9.66	$ 8.42	$ 8.42
United Services Life	0-85	$ 8.87	$ 7.83	$ 8.45	$10.50	$ 9.18	$ 9.97
WM Life Insur. Co.	0-95	$ 9.20	$ 8.06	$ 8.97	$ 10.98	$ 9.51	$ 10.68
Western National LIC	1-100	$ 8.86	$ 7.87	-	$10.39	$ 9.13	-
Western United Life	0-105	$ 9.29	$ 8.19	$ 8.69	$11.01	$ 9.62	$10.23

Figures represent monthly income per $1,000, assuming $100,000 deposit. Survey period: May 21, 1996 thru May 24, 1996.
*Formerly American Mutual Life Insurance Co.

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

Reporting Companies	Issue Ages	10Yr CL Unisex 60	10Yr CL Unisex 70	5Yr PC No Life	10YrPC No Life	M65 F60 J&S 50%S	M65 F60 J& 100%S
AIG Life	0-85	-	-	$ 18.34	$ 10.57	$ 6.88	$ 6.15
American Heritage	0-85	$ 6.54	$ 7.80	$ 19.25	$ 11.02	$ 6.15	$ 6.93
American Investors LIC	0-85	$ 5.95	$ 7.20	$17.74	$10.02	$ 6.26	$ 5.45
Amer. Life & Casualty	0-90	-	-	$18.09	$10.46	-	$ 5.83
AmerUs Life*	5-90	-	-	$18.24	$10.54	$ 6.94	$ 5.93
Canada Life Assurance	40-90	$ 6.60	$ 7.77	$ 18.55	$ 10.75	$ 7.09	$ 6.34
Columbia Universal LIC	0-85	-	-	$19.11	$10.86	$ 6.71	$ 5.94
Commercial Union	0-80	$ 6.75	$ 7.85	$17.73	$10.41	$ 7.01	$ 6.30
Delta Life & Annuity	0-99	$ 6.52	$ 7.90	$ 18.78	$ 10.92	$ 6.44	$ 6.02
Empire Life	0-95	$ 6.72	$ 8.10	$18.49	$10.58	$ 6.86	$ 6.04
Federal Home LIC	0-85	-	-	$18.32	$10.65	$ 7.18	$ 6.42
Fidelity & Guaranty Life	0-70	$ 6.71	$ 7.91	$18.31	$10.65	$ 7.18	$ 6.19
Franklin LIC	0-100	$ 6.15	$ 7.18	-	-	$ 6.40	$ 5.76
General American LIC	0-79	$ 6.15	$ 7.41	-	-	$ 6.65	$ 5.90
Great American LIC	11-85	$ 6.17	$ 7.57	$18.65	$10.79	$ 6.98	$ 5.87
Golden Rule	0-80	-	-	-	$10.65	$ 6.66	$ 5.84
Jackson National LIC	no limit	$ 6.65	$ 7.84	$18.47	$10.71	$ 6.94	$ 6.20
Jefferson Pilot LIC	15-85	-	-	$18.26	$10.49	$ 6.81	$ 5.99
Kansas City Life	0-90	$ 6.61	$ 7.14	$18.82	$10.78	$ 6.74	$ 6.17
London Pacific	45-85	-	-	$18.60	$10.61	-	-
Manufacturers LIC	1-100	$ 6.24	$ 7.48	$17.74	$10.22	$ 6.51	$ 5.61
Midwestern Nat'l LIC	0-80	$ 5.72	$ 6.88	$17.77	$10.12	$ 6.58	$ 5.81
Nat'l Guardian LIC	20-90	$ 6.50	$ 7.82	-	-	-	$ 5.95
Ohio National	0-85	$ 6.35	$ 7.60	$ 18.37	$ 10.69	$ 6.83	$ 6.03
Penn Insurance & Annuity	0-85	$ 6.99	$ 8.14	$18.56	$10.93	$ 7.32	$ 6.53
Penn Mutual	0-85	$ 6.99	$ 8.14	$18.56	$10.93	$ 7.32	$ 6.53
Presidential LIC	0-85	$ 6.81	$ 7.89	$18.59	$10.89	$ 7.22	$ 6.86
Principal Mutual LIC	0-85	-	-	$ 18.57	$ 10.60	$ 6.91	$ 6.19
Provident Mutual	0-85	-	-	-	-	-	$ 5.39
Savings Bank LIC/Mass	0-80	$ 5.98	$ 7.36	-	$10.41	-	$ 5.51
Security Benefit	0-100	$ 6.33	$ 7.49	$18.40	$10.53	$ 6.81	$ 6.06
Security Mutual/NY	20-80	-	-	-	-	$ 6.78	$ 5.99
Southwestern LIC	5-90	-	-	$18.44	$10.48	$ 6.48	$ 5.79
Standard Insurance	0-80	$ 6.45	$ 7.58	$17.75	$10.42	$ 6.82	$ 6.36
USG Annuity & Life	35-85	-	-	$18.72	$10.91	-	$ 6.30
United Companies LIC	0-99	-	-	$16.87	$10.51	-	-
United Presidential LIC	20-80						
United Services Life	0-85	$ 6.46	$ 7.79	$18.06	$10.28	-	$ 5.87
WM Life Insur. Co.	0-95	$ 6.72	$ 8.10	$18.49	$10.58	$ 6.86	$ 6.04
Western National LIC	1-100	-	-	$18.77	$10.64	$ 6.82	$ 6.08
Western United Life	0-105	-	-	$19.15	$11.50	-	-

Figures represent monthly income per $1,000, assuming $100,000 deposit. Survey period: May 21, 1996 thru May 24, 1996
*Formerly American Mutual Life Insurance Co.

Deferred Annuities Update

In a deferred annuity your premium is credited with a fixed interest rate (see column with heading for rate on current issue'a date). The length of time for which this rate is guaranteed is shown in the **Rate Guar. Period** column. The column with the heading of last issue's date indicates the crediting rate that was in effect at the time of our prior issue. Some insurers offer protection against low renewal rates with a feature known as a "Bailout" or "Escape" rate (see Table 3 column with **Bailout Escape Rate** heading). Almost all annuities set a minimum or floor rate below which the annual interest rate is guaranteed never to drop (see **Guar. Rate**). There are two basic methods by which insurance companies set renewal rates once the current rate period ends (see **Rnwl Mthd** column). **P** stands for "Portfolio Method," which means that renewal rates for old monies (i.e. existing annuities) are the same as the rates being credited on new monies. **I** stands for "Investment Year" method (aka "Banded" or "Bucket" method). This means that renewal rates are set at different rates for monies received at different times. Old monies (i.e. existing annuities) may earn higher or lower rates than new annuities. The column headed **Surrender Fees Yr 1** and **Yr** 7 reports the penalties in effect for the two sample years indicated. Quotes include all fees and commissions but not premium taxes, if applicable.

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

Reporting Companies	Policy Name	Issue Ages	May '96 Full Rate	Feb. '96 Full Rate	May '95 Full Rate	Rate Guar. Period	Bail-out Escape Rate	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Surrender Fees Yr 7
AIG Life	SPDA	0-75	5.70%	5.10%	na	1 Year	4.70%	3.00%	I	6%	0%
American Heritage	SPDA-2	0-75	6.25%	5.63%	6.75%	1 Year	6.25%	5.00%	I	7%	1%
Amer. Investors	SPDA-I	0-85	7.50%	7.25%	8.00%	1/14/98	5.00%	4.00%	I	10%	4%
Franklin LIC	Pres. Ann. IV	0-85	5.75%	na	6.85%	1 Year	4.75%	4.00%	I	9%	3%
Kansas City Life	SDDA	0-80	5.85%	na	6.75%	12/31/97	4.50%	4.50%	I	7%	2%
Ohio National	Choice II	0-80	6.10%	5.75%	6.50%	1 Year	5.10%	4.00%	I	6%	0%
Presidential Life	SPDA II	0-85	6.30%	5.80%	6.75%	2 Years	4.00%	5.00%	I	6%	2%
Provident Mutual	SPDA I	0-75	6.10%	5.05%	6.00%	2 Years	5.10%	3.00%	I	7%	1%
Provident Mutual	SPDA II	0-75	5.85%	4.80%	5.75%	2 Years	4.85%	3.00%	I	7%	1%
SAFECO	Safekey 1	to 90	5.55%	4.90%	5.75%	1 Year	4.80%	3.00%	I	5%	0%
Security Mutual/NY	SPDA	0-80	5.75%	5.50%	6.00%	1 Year	4.75%	3.50%	I	7%	1%
Security Mutual/NY	SPDA	0-80	6.00%	5.75%	6.00%	3 Years	5.00%	3.50%	I	7%	1%
Standard Insurance	SPDA	0-80	5.55%	5.13%	6.29%	1 Year	3.55%	3.00%	I	7%	1%

Survey period: May 21, 1996 thru May 24, 1995

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

Reporting Companies	Policy Name	Issue Ages	May '96 Base Rate	1st Yr. Bonus Amount	Feb. '96 Base Rate	May '95 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Surrender Fees Yr 7
Amer. Int'l Life/NY	SPDA	0-75	5.70%	1.50%	na	na	1 Year	3.00%	I	6%	0%
American Investors	SPDA 2000	0-85	5.30%	-	5.05%	6.00%	1 Year	4.00%	I	10%	4%
Amer. Life & Casualty	SPDA 8	0-85	5.15%	1.00%	na	5.85%	1 Year	3.50%	I	10%	3%
Amer. Life & Casualty	SPDA 9+	0-85	5.50%	4.00%	5.35%	6.15%	1 Year	4.00%	I	12%	6%
Amer. Life & Casualty	SPDA 11	0-85	5.30%	3.35%	5.15%	5.95%	1 Year	3.50%	I	10%	3%
AmerUs Life*	Adv. Bonus	0-85	5.60%	1.00%	na	6.05%	1 Year	3.00%	I	9%	0%
Canada Life Assurance	Security 1	0-80	5.50%	1.00%	5.00%	6.30%	1 Year	3.00%	I	7%	2%
Columbia Universal	Pres. Choice	0-85	6.25%	1.00%	5.25%	6.35%	1 Year	4.50%	I	8%	0%
Commercial Union	Savers Adv. 3	0-85	4.70%	3.00%	4.10%	5.35%	1 Year	3.00%	I	10%	5%
Commercial Union	Port. Secure	0-85	4.80%	1.00%	4.45%	na	1 Year	3.50%	P	6%	1%
Delta Life & Annuity	SPDA-PS	1-99	6.25%	-	5.50%	7.00%	1 Year	4.00%	P	6%	3%
Empire LIC	IA Maximizer	0-80	5.50%	1.00%	5.35%	na	1 Year	3.00%	I	6%	1.8%
Federal Home Life	Encore	0-80	6.00%	1.00%	na	6.50%	2 Years	4.00%	I	7%	1%
Fidelity & Guar. Life	Resolute +	18-85	5.85%	3.00%	5.20%	6.05%	1 Year	3.00%	I	9%	3%
Fidelity & Guar. Life	Intrepid	18-85	5.15%	-	4.65%	6.00%	1 Year	3.00%	I	3%	0%
Fidelity & Guar. Life	Optimum +	18-85	5.55%	2.00%	5.05%	6.15%	1 Year	3.00%	I	5%	0%
Golden Rule	Ult. Bonus	0-70	6.10%	3.00%	5.15%	6.10%	1 Year	3.00%	I	8%	2%
Great American	GTSA VI-SS	18-65	6.05%	(call)	6.00%	6.45%	none	4.00%	I	12%	6%
Great American	Secure 15	0-70	5.40%	(call)	5.75%	6.20%	1 Year	3.00%	I	12%	6%
Great American	Money Max	18-65	4.95%	(call)	5.30%	5.50%	1 Year	3.00%	I	12%	6%
Great American	SP7R+6-2	0-85	5.20%	(call)	7.25%	5.20%	1 Year	3.00%	I	7%	1%
Great American	SP 10-ST	0-85	4.95%	2.00%	5.05%	5.50%	1 Year	3.00%	I	10%	4%
Jackson National	Action One	0-75	5.85%	4.00%	4.85%	5.85%	1 Year	3.00%	I	9%	3%
Jackson National	Max	0-80	6.25%	-	5.25%	6.25%	1 Year	3.00%	I	6%	0%
Jackson National	Bonus Max 1	0-75	6.25%	3.75%	5.75%	6.25%	1 Year	3.00%	I	9%	3%
Jefferson Pilot	Sec. Advant.	0-85	5.80%	-	5.35%	6.35%	1 Year	3.50%	I	7%	2%
Jefferson Pilot	Secure Plan	0-85	5.80%	-	5.35%	6.35%	1 Year	3.50%	I	5%	0%
London Pacific	Opt. Income	0-80	6.00%	-	na	6.50%	1 Year	3.00%	I	10%	4%
Manulife	SPDA II	0-70	4.80%	-	4.00%	5.50%	5 Years	4.00%	P	no surrender	
Midwestern Nat'l LIC	MVRA	0-80	5.60%	5.00%	na	6.50%	1 Year	3.00%	I	12%	7%
National Guardian	SPRA	0-85	6.15%	-	6.35%	6.75%	1 Year	4.00%	P	7%	1%
Penn Mutual Life	Diversifier 2	0-85	5.30%	-	5.30%	5.90%	1 Year	4.00%	I	7%	1%
Penn Mutual Life	Diversifier 2	0-85	5.40%	-	4.75%	5.85%	3 Years	4.00%	I	7%	1%
Penn Mutual Life	Diversifier 2	0-85	5.50%	-	5.00%	5.90%	5 Years	4.00%	I	7%	1%
Penn Mutual Life	Diversifier 2	0-85	5.70%	-	5.00%	5.95%	7 Years	4.00%	I	7%	1%

continued...

*Formerly American Mutual Life Insurance Company
Survey period: May 21, 1996 thru May 24, 1996

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

Reporting Companies	Policy Name	Issue Ages	May '96 Base Rate	1st Yr. Bonus Amount	Feb.'96 Base Rate	May '95 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Surrender Fees Yr 7
Presidential	SPDA	0-85	6.70%	-	6.20%	7.15%	1 Year	5.00%	I	6%	2%
Principal Mutual	SPDA	0-95	5.95%	-	5.30%	6.25%	1 Year	3.00%	I	6%	2%
Principal Mutual	SPDA+	0-95	5.80%	1.00%	5.20%	6.10%	1 Year	3.00%	I	6%	2%
Provident Mutual	SPDA III	0-75	6.35%	-	5.30%	6.25%	2 Years	3.00%	I	3%	3%
Provident Mutual	SPDA IV	0-75	5.65%	1.40%	4.60%	5.55%	2 Years	3.00%	I	7%	0%
Provident Mutual	SPDA V	0-75	5.65%	1.00%	4.60%	na	1 Year	3.00%	I	7%	0%
Reliance Standard	Apollo-MVA	0-85	5.50%	2.00%	5.00%	na	1 Year	3.00%	P	9%	2%
Reliance Standard	Apollo-SP	0-85	5.20%	2.00%	4.70%	na	1 Year	3.00%	P	9%	2%
SAFECO LIC	QPA III +	0-75	5.85%	1.25%	4.75%	5.75%	1 Year	4.25%	P	9%	4%
SAFECO LIC	QPA V +	0-75	5.70%	1.40%	4.65%	6.00%	1 Year	3.00%	P	8%	2%
SAFECO LIC	Safekey 3	0-90	5.35%	na	4.70%	4.50%	8 Years	3.00%	I	5%	2%
SAFECO LIC	Advantage 2	0-85	5.75%	na	5.10%	na	1 Year	3.00%	I	5%	0%
SAFECO LIC	Advantage 3	0-85	5.75%	1.00%	5.10%	na	1 Year	3.00%	I	7%	1%
Savings Bank LIC/MA	LifeSaver	0-80	5.00%	-	4.00%	5.25%	1 Year	4.00%	I	7%	1%
Security Benefit	Sec. Premier	0-80	5.60%	1.00%	5.15%	6.20%	1 Year	3.50%	I	8%	0%
Security Benefit	Security Prov.	0-80	5.60%	-	5.15%	6.20%	1 Year	3.50%	I	9%	0%
Security Mutual/NY	SPDA	0-80	6.25%	-	6.00%	6.25%	3 Years	3.50%	I	7%	1%
Security Mutual/NY	SPDA	0-80	6.00%	-	5.75%	6.25%	1 Year	3.50%	I	7%	1%
Southwestern LIC	Golden Bonus	0-85	5.45%	2.50%	4.75%	5.85%	1 Year	3.00%	I	12%	9%
Southwestern LIC	Income Prov.	0-80	5.45%	1.00%	4.65%	5.75%	2 Years	4.00%	I	10%	7%
Transamerica	Mach 6	0-75	7.50%	-	na	na	1 Year	3.00%	I	6%	0%
USG Annuity & Life	Advant. Gold	0-85	6.05%	1.00%	5.65%	na	1 Year	3.00%	I	7%	3%
USG Annuity & Life	Interest Builder	0-85	5.30%	5.00%	na	na	1 Year	3.00%	I	10%	3%
USG Annuity & Life	MVA 3	0-85	5.30%	1.00%	4.65%	5.70%	1 Year	3.00%	I	9%	2%
USG Annuity & Life	MVA 9	0-85	5.80%	2.00%	5.20%	6.05%	1 Year	3.00%	I	9%	3%
United Companies	Maxsaver	0-80	5.40%	-	4.90%	5.70%	1 year	3.00%	P	8%	0%
United Companies	Taxsaver	0-85	6.00%	1.00%	na	6.40%	1 Year	3.00%	P	10%	4%
United Presidential	SPDA	0-85	5.90%	-	na	6.40%	1 Year	4.00%	I	10.3%	5.3%
United Presidential	SPDA 2	0-85	5.90%	2.00%	na	6.40%	1 Year	4.00%	I	10.5%	6%
United Presidential	SPDA 4	0-85	5.90%	4.00%	na	6.40%	1 Year	4.00%	I	10.8%	6.3%
United Services Life	Index Annuity	0-85	5.25%	1.50%	na	6.25%	1 Year	4.00%	I	9%	3%
Western National	Envision + II	0-69	5.65%	1.00%	5.65%	6.25%	1 Year	3.00%	I	9%	2%
Western National	SPDA +2	0-85	5.25%	-	5.40%	6.00%	1 Year	4.00%	I	7%	0%
Western National	Vision 1	0-85	5.50%	2.11%	5.55%	6.15%	1 Year	3.00%	I	9%	5%

Survey period: May 21, 1996 thru May 24, 1996

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

Reporting Companies	Policy Name	Issue Ages	May '96 Full Rate	Feb. '96 Full Rate	May '95 Full Rate	Rate Guar. Period	Surrender Penalties by Year 1	2	3	4	5	6	7	8	9
Columbia Universal	Your Choice	0-100	5.10%	5.00%	5.10%	3 mos.	2%	2%	2%	2%	2%	2%	2%	2%	2%
Federal Home Life	SPDA Preferred	0-80	5.00%	4.95%	5.25%	1 Year	7%	6%	5%	4%	3%	2%	1%	-	-
Fidelity & Guar.	Intrepid LQ	18-85	4.25%	4.00%	4.50%	1 Year	5%	5%	5%	5%	5%	5%	5%	5%	5%
Provident Mutual	Asset. Accumul.	0-75	5.04%	na	5.44%	1 Year	3%	3%	3%	3%	3%	3%	3%	2%	1%

Survey period: May 21, 1996 thru May 24, 1995

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

Reporting Companies	Policy Name	Issue Ages	May'96 Full Rate	Feb.'96 Full Rate	May'95 Full Rate	Yield Guar. Period	Surrender Penalties by Year 1	2	3	4	5	6	7	8	9	10
Crown Life #	SPDA	0-75	6.68%	5.88%	6.08%	10 Yrs	9.0%	8.1%	7.2%	6.3%	5.4%	4.5%	3.6%	2.7%	1.8%	0.9%
Crown Life #	SPDA	0-75	6.62%	5.82%	6.02%	9 Yrs	9.0%	8.0%	7.0%	6.0%	5.0%	4.0%	3.0%	2.0%	1.0%	-
Crown Life #	SPDA	0-75	6.57%	5.67%	5.92%	8 Yrs	8.4%	7.4%	6.3%	5.3%	4.2%	3.2%	2.1%	1.1%	-	-
Crown Life #	SPDA	0-75	6.35%	5.50%	5.70%	7 Yrs	8.4%	7.2%	6.0%	4.8%	3.6%	2.4%	1.2%	-	-	-
Crown Life #	SPDA	0-75	6.14%	5.14%	5.49%	6 Yrs	8.4%	7.0%	5.6%	4.2%	2.8%	1.4%	-	-	-	-
Crown Life #	SPDA	0-75	5.92%	4.87%	5.27%	5 Yrs	8.0%	6.4%	4.8%	3.2%	1.6%	-	-	-	-	-
Delta Life & Annuity	SP Guar.Ann.	1-99	5.35%	4.25%	na	5 Yrs	3%	3%	3%	3%	3%	-	-	-	-	-
Western United	CD-MAX I	0-84	5.20%	5.35%	5.70%	3 Yrs	2%	-	-	-	-	-	-	-	-	-
Western United	CD-MAX V	0-84	6.00%	6.15%	6.55%	5 Yrs	5%	-	-	-	-	-	-	-	-	-
United Services Life	Cert. Annuity	0-85	5.25%	na	na	5 Yrs.	Surrender available only at the end of each accumulation period									
United Services Life	Cert. Annuity	0-85	4.75%	na	na	3 Yrs.	Surrender available only at the end of each accumulation period									

Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity
Survey period: May 21, 1996 thru May 24, 1996

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

Reporting Companies	Policy Name	Issue Ages	May '96 Full Rate	Feb. '96 Full Rate	May '95 Full Rate	Rate Guar. Period	Bail-out Escape Rate	Guar. Rate	Rnwl Mthod	Surrender Fees Yr 1	Yr 7
AIG Life	GF100	0-80	6.75%	5.62%	na	1 Year	4.10%	3.00%	I	7%	0%
Franklin LIC	Pres. Ann. IIA	0-75	5.75%	na	6.85%	1 Year	na	4.00%	I	10%	4%
SAFECO LIC	Penna. 2	0-90	5.35%	4.70%	5.55%	1 Year	4.60%	3.00%	I	5%	0%
Security Mutual/NY	FPA	0-80	5.75%	5.50%	5.75%	1 Year	na	4.50%	I	7%	4%
Standard Insurance Co	FPDA	0-80	5.28%	4.86%	6.02%	1 Year	3.50%	3.00%	I	7%	3%
United Services Life	Conservation	0-85	6.00	na	6.75%	1 Year	3.50%	3.00%	I	7%	0%

Survey period: May 21, 1996 thru May 24, 1996

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

Reporting Companies	Policy Name	Issue Ages	May'96 Base Rate	1st Yr. Bonus Amount	Feb.'96 Base Rate	May '95 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Surrender Fees Yr 7
American Heritage	PFPA	0-69	5.75%	-	5.13%	6.25%	-	4.00%	I	10%	2%
American Investors	FPDA-P2	0-85	5.30%	2.50%	5.05%	6.00%	1 Year	3.50%	I	12%	6%
American Life & Cas.	FPDA-8	0-85	5.25%	2.00%	5.10%	5.90%	1 Year	4.00%	I	12%	6%
American Life & Cas.	FPDA-81	0-85	5.10%	3.00%	5.00%	na	1 Year	3.00%	I	12%	7%
American Life & Cas.	FPDA-88	0-85	5.00%	8.00%	5.00%	na	1 Year	3.00%	I	12%	7%
AmerUs Life*	Flex 30	0-80	5.65%	-	na	6.35%	1 Year	3.50%	P	6%	0%
Columbia Universal	FPDA II	18-75	5.75%	-	5.75%	6.30%	1 Year	4.50%	P	10%	4%
Commercial Union	Max Rewards	0-85	4.75%	2.00%	4.20%	5.40%	1 Year	3.50%	I	9%	2%
Commercial Union	Maximizer I	0-85	4.95%	0.75%	4.95%	5.65%	1 Year	3.50%	I	6%	0%
Delta Life & Annuity	Flex/No Load	0-99	6.00%	na	5.25%	6.75%	1 Year	4.00%	P	8%	4%
Empire LIC	FPA	0-85	5.15%	1.00%	4.90%	5.75%	1 Year	3.00%	I	8.1%	2.7%
Empire LIC	IA Classic	0-85	5.05%	.65%	4.90%	5.75%	1 Year	3.00%	I	5%	0%
Federal Home Life	Prem. Ann.+	0-80	5.00%	1.50%	4.50%	5.50%	1 Year	4.00%	I	9%	2%
Federal Home Life	Premier Flex	15-75	5.50%	-	na	6.00%	1 Year	4.00%	I	10%	0%
Fidelity & Guar. Life	Optimum	18-85	5.55%	1.00%	5.05%	6.15%	1 Year	3.00%	I	5%	0%
Fidelity & Guar. Life	Resolute	18-85	5.85%	na	5.20%	6.05%	1 Year	3.00%	I	12%	6%
General American LIC	Flex 2	0-79	6.29%	-	6.20%	6.00%	-	4.00%	P	7%	0%
Golden Rule	Flex-Vantage	0-60	6.10%	1.00%	5.15%	6.10%	1 Year	3.00%	I	9%	4%
Great American (q)	TSA III	18-65	5.50%	(flex)	5.80%	6.20%	-	4.00%	I	5%	0%
Great American (q)	GTSA VI	18-65	6.05%	(flex)	6.25%	6.45%	-	4.00%	I	30%	0%
Great American (q)	TSA VIII	18-65	6.10%	(flex)	6.25%	6.30%	-	3.00%	I	varies by age	
Investors Insur. Corp.	Amer. Ann.	0-85	5.00%	1.75%	na	6.50%	1 Year	3.00%	I	10%	4%
Investors Insur. Corp.	Flex	0-85	5.00%	3.25%	na	6.00%	1 Year	3..00%	I	15%	7%
Jackson National	Flex I	0-70	6.25%	-	5.25%	6.25%	1 Year	3.00%	I	12%	3%
Jefferson Pilot LIC	FPDA	0-75	5.80%	-	5.35%	6.35%	1 Year	3.50%	I	9%	5%
Jefferson Pilot LIC	Flex. Bonus	0-85	5.50%	1.00%	5.05%	na	1 Year	3.50%	I	7%	2%
Kansas City Life	Gwth Track	0-80	5.85%	1.00%	na	na	1 Cal Yr.	3.00%	I	10%	4%
London Pacific	Future Guard	no limit	6.00%	-	na	na	1 Year	3.00%	P	12%	8%
Midwestern Nat'l	FRA	0-80	5.70%	-	na	6.50%	none	4.00%	P	6%	1%
Midwestern Nat'l	FDA	0-80	5.90%	-	na	6.60%	none	3.50%	I	9%	3%
Midwestern Nat'l	RSP	0-80	5.45%	1.00%	na	6.90%	1 Year	3.0%	I	8%	0%
Nat'l Guardian	Flex. Prem.	0-80	5.65%	-	5.25%	5.50%	6 mos.	4.00%	P	10%	3%
Ohio National	Prime II	0-75	5.70%	-	5.70%	6.00%	1 Cal. Yr.	4.00%	I	8%	3%
Penn Mutual Life	Divers. 2	0-85	5.30%	-	5.30%	5.90%	1 Year	4.00%	I	7%	1%
Penn Mutual Life	Divers. 2	0-85	5.40%	-	4.75%	5.85%	3 Years	4.00%	I	7%	1%

continued...

Survey period: May 21, 1996 thru May 24, 1996
*Formerly American Mutual Life Insurance Co.

Deferred Annuities Update

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

Reporting Companies	Policy Name	Issue Ages	May '96 Base Rate	1st Yr. Bonus Amount	Feb. '96 Base Rate	May '95 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Surrender Fees Yr 7
Presidential	No Load	0-85	6.55%	-	6.05%	7.00%	1 Cal. Yr.	5.00%	I	7%	4%
Presidential (q)	TSA-Loan	0-85	6.55%	-	6.05%	7.00%	1 Cal. Yr.	5.00%	I	7%	4%
Principal Mutual LIC	FPDA	0-85	5.10%	-	5.10%	6.60%	1 Year	4.00%	I	7%	3%
Provident Mutual	LTD	0-85	6.25%	1.00%	5.20%	6.90%	1 Year	3.00%	I	10%	4%
SAFECO LIC	Advantage I	0-85	5.55%	-	na	na	-	3.00%	I	5%	0%
SAFECO LIC	QPA III	0-75	5.85%	-	4.75%	5.75%	6 mos.	4.34%	P	9%	4%
SAFECO LIC	QPA V	0-75	5.70%	-	4.65%	5.75%	6 mos.	3.00%	P	8%	2%
SAFECO LIC	Safekey 2	0-90	5.35%	na	4.70%	5.75%	1 Year	3.00%	I	5%	0%
Security Benefit	Secur. Mark	0-75	5.60%	-	5.40%	6.20%	1 Year	3.50%	I	8%	2%
Southwestern LIC	Flex-Rite	0-75	6.10%	-	6.10%	6.45%	-	4.00%	P	7%	2%
USG Annuity & Life	Advant. Silver	0-85	5.55%	1.00%	5.15%	na	1 Year	3.00%	I	9%	2%
USG Annuity & Life	Flex 15	0-70	5.35%	2.00%	5.00%	5.80%	1 Year	3.00%	I	22%	13%
USG Annuity & Life	Flex 9	0-85	5.45%	2.00%	5.10%	6.00%	1 Year	3.00%	I	9%	3%
USG Annuity & Life	Retire. Choice	0-70	5.35%	1.00%	5.00%	na	1 Year	3.00%	I	9%	3%
United Presidential LIC	Pacer One	0-70	5.55%	-	na	6.05%	1 Year	4.00%	I	10%	3%
United Presidential LIC	Pacer Advant.	0-80	5.90%	-	na	6.40%	1 Year	4.00%	I	10%	3%
United Services Life	Flex 7	0-85	5.25%	1.50%	na	5.75%	1 Year	3.00%	I	8%	2%
United Services Life	Flex Pay	0-85	5.00%	1.00%	na	5.75%	1 Year	3.00%	I	9%	4%
United Services Life	USLICO Ann.	0-85	5.25%	1.50%	na	5.75%	1 Year	4.00%	I	10%	4%
WM Life Ins. Co.	IA Classic	0-85	5.05%	.65%	4.90%	5.75%	1 Year	3.00%	I	5%	0%
Western National	FPDA Plus	0-85	5.75%	-	5.65%	6.50%	none	4.00%	I	6%	0%
Western National	FPDA Plus II	0-85	6.00%	-	5.90%	6.75%	none	4.00%	I	8%	2%
Western National	Vision Flex	0-70	6.25%	-	6.05%	6.90%	none	3.00%	I	10%	6%
Western United	Uniflex III	0-84	6.65%	-	6.55%	6.75%	1 Year	4.50%	I	5%	3%

Survey period: May 21, 1996 thru May 24, 1996

Split Annuities Update

Split annuities (also called Combination annuities) are essentially a hybrid product combining the features of a Certificate of Annuity (Table 6) and a Period Certain immediate annuity (Tables 1c & 2c). These annuities provide immediate cash-flow and a guarantee that the initial purchase amount is returned at the end of a specified period of time (in Table 9 below, at the end of 5 years and 7 years). The figures in Table 9 are based on an investment of $100,000. Column headed "**Annual Interest Rate**" indicates the rate earned on the deferred portion of the split annuity for the life of the contract (either five or seven years as illustrated). "**Deferred Annuity Premium**" column gives the amount of the original investment that is allocated to the deferred annuity portion of the contract. This is the amount set aside for the deferred annuity to grow back to the full amount of the original investment. Column headed "**Monthly Income Amount**" lists the monthly income which is generated by the immediate annuity portion of the contract and payable each month until the contract matures (either 5 or 7 years). "**Income Annuity Premium**" column reports the amount of the original investment which is allocated to the immediate annuity portion of the contract.

Split Annuities Update

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

			5 Year Maturity Rates				7 Year Maturity Rates			
Reporting Companies	Policy Name	Issue Ages	Annual Interest Rate	Deferred Annuity Premium	Monthly Income Amount	Income Annuity Premium	Annual Interest Rate	Deferred Annuity Premium	Monthly Income Amount	Income Annuity Premium
Columbia Universal	Split Annuity	0-85	6.45%	$73,162	$455.54	$26,838	6.39%	$64,808	$505.71	$35,192
Empire Life	Classic	0-85	3.53%	$84,057	$294.76	$15,943	3.38%	$79,232	$289.74	$20,768
Federal Home Life	Encore/SPIA	0-80	na	na	na	na	7.00%	$62,904	$504.53	$36,454
Manulife	SPDAII/SPIA	0-70	4.80%	$79,103	$367.57	$20,897	5.30%	$69,663	$407.25	$30,337
Midwestern Nat'l	Split Annuity	0-80	na	na	na	na	4.50%	$76,759	$301.37	$23,241
Penn Mutual	Div. II/SPIA	0-85	na	na	na	na	5.70%	$67,838	$453.18	$32,162
Presidential (nq)	Combi-nnuity	0-85	6.10%	$74,374	$476.36	$25,626	na	na	na	na
Provident Mutual	SPDA/SPIA	0-75	5.60%	$76,152	$424.00	$23,848	na	na	na	na
USG Ann. & Life	Advant./SPIA	0-85	6.15%	$74,199	$483.15	$25,801	na	na	na	na
USG Ann. & Life	Multi Yr./SPIA	0-85	5.75%	$75,613	$456.67	$24,387	6.00%	$66,506	$476.88	$33,494
United Services Life	Split Annuity	0-85	5.50%	$77,240	$407.76	$22,760	na	na	na	na
WM Life	Classic	0-85	3.53%	$84,057	$294.76	$15,943	3.38%	$79,232	$289.74	$20,768
Western United	CD-Max V	0-84	6.00%	$74,726	$490.00	$25,274	na	na	na	na

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Structured Settlement Update

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

The following quotations represent the total premium amount required to guarantee $1,000 of monthly life income, assuming a 0% or 3% per annum cost of living adjustment (COLA). The COLA adjustment is made at the beginning of each year with monthly payments during the year remaining at a constant level (i.e., in the first year at $1,000; in year 2 at $1,030; in year 3 at $1,060.90; etc.) Quotes assume (1) normal life expectancy (i.e. plaintiff's injury is not life impairing), (2) that the cost of any third-party assignment is extra, and (3) that the first payment date is one month af there the date of issue. All fees and commissions, but not state premium taxes, if applicable, are included. Note that all monthly payments within a single year are for the same amount. The COLA increase takes place only at the beginning of each year. The **"Male 15 0% COLA"** column reports the cost of $1,000 of monthly income for life purchased for a 15 year old male, assuming a 0% cost of living adjustment. **"Male 15 3% COLA"** reports the cost of an escalating lifetime annuity for a male age 15. The annuity states at $1,000 a month and increases by 3% on each policy anniversary. Remaining columns show similar figures for male age 50, and for females ages 15 and 50. **"Add'l Cost Assignment"** indicates the availability and cost of a third-party assignment.

Table 11. Structured Settlement Annuities

Reporting Companies	Male 15 0% COLA	Male 15 3% COLA	Male 50 0% COLA	Male 50 3% COLA	Fem. 15 0% COLA	Fem. 15 3% COLA	Fem. 50 0% COLA	Fem. 50 3% COLA	Add'l Cost Assignment
Comm. Union	$187,695	$310,126	$149,637	$203,596	$190,891	$323,403	$161,522	$228,515	$500
Empire Life	$204,049	$347,561	$165,218	$233,274	$206,723	$359,365	$176,418	$256,844	na
Fidelity & Guaranty	$190,532	$327,412	$149,550	$205,848	$196,187	$352,572	$165,623	$239,902	$500
Penn Mutual	$181,298	$314,527	$151,699	$215,611	$183,353	$325,612	$161,005	$236,824	na
Presidential	$181,761	$307,996	$152,691	$214,148	$184,518	$319,752	$160,171	$230,151	$100
WM Life	$204,049	$347,561	$165,218	$233,274	$206,723	$359,365	$176,418	$256,844	na

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Variable Annuities Update

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

With a variable annuity you can diversify your risk by investing in several mutual-fund type separate accounts or in the VA's general interest account (GIA), which affords the same advantages as are currently available in the fixed general account. Transfers can usually be directed from this fixed account to the various "mutual-fund" type accounts. The **"Yield Guar. Period"** column lists the period for which the initial GIA rate remains unchanged. **"Surrender Fees/Year"** column reports the withdrawal penalties in effect in the sample years indicated. **"Total Assets $ Mil"** gives in millions of dollars the total amount of assets under management (excluding funds in fixed general accounts). **"# of Accts "** indicates the number of separate accounts that represent different investment options from which to choose.

In the PERFORMANCE TABLES **"Accum. Unit Value"** reports the dollar value per share of fixed-income type account. This figure represents the actual return to the investor and is net of all management fees and insurance expenses. **"YTD"** reports the year-to-date rate of return for the account listed. **"1 Yr"** reports the 1 year rate of return for the account listed. **"3 Yr"** reports the cumulative 3-year rate of return for the account listed. **"5 Yr"** reports the cumulative 5-year rate of return for the account listed.

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

Table 10a. Variable Annuities - Contract Features (as of 3/31/1995)

Reporting Companies	Policy Name	Total Assets $ Mil	# of Accts	Types of Accounts (see Legend)	Fixed Acct Rate	Rate Guar Period	Surrender Fees Yr 1	Surrender Fees Yr 7
Canada Life	Varifund	$ 60.6	20	AA,B,CA,EI,FI,G,HY,I,MM,S,SI	4.75%	1 Year	6%	0%
General American	GT Global Allocator	na	14	EI,FI,I(9),MM,S	4.15%	1 Year	6%	0%
General American	Individual Variable	na	8	EI,FI,G(2),I,MM,SI	6.00%	na	9%	0%
Jackson National	Perspective	$257.5	18	AG,B,CA,EI,FI,G,GS,HY,I,MM	4.55%	1 Year	6%	0%
Manulife Financial	Lifestyle	$548.3	8	AG,B,FI,G,I(2),MM,RP	3.00%	na	8%	0%
Nationwide	Best of Amer. IV	$8,135.7	31	AA,AG,B,CA,G,GS,FI,GS,I,EI,SA,SI	5.00%	1 Year	7%	1%
Nationwide	America's Vision	$3,157.7	31	AA,AG,B,CA,G,GS,FI,GS,I,EI,SA,SI	5.10%	1 Year	7%	1%
Ohio National	TOP	$233.0	9	AG,B,CA,FI,G(2),I(2),MM	6.00%	Cal.Yr.	7.8%	7.8%
Phoenix Home Life	Big Edge Choice	na	5	AG,B,G,MM,RP	4.50%	1 Year	1%	0%
Principal Mutual	Variable Annuity	$ 386.9	11	AA,AG,B,CA,FI,G,GS,I,MM	5.60%	1 Year	6%	2%
Provident Mutual	VIP/2	$ 265.2	23	AG,B,EI,FI,G,GS,I,MM,S,SI	5.75%	Cal.Yr.	6%	0%
SAFECO	Variable Acct. B	$ 141.1	7	B,EI,FI,G,I,MM,S	na	na	9%	4%
SAFECO	Spinnaker Plus	$ 35.8	12	B,EI,FI,G,I,MM,S	7.25%	1 Year	8%	2%
SAFECO	Spinnaker Q	$ 44.3	12	B,EI,FI,G,I,MM,S	5.90%	6 mos.	8%	2%
SAFECO	Spinnaker NQ Flex	$ 11.6	12	B,EI,FI,G,I,MM,S	5.90%	6 mos.	8%	2%
SAFECO	Mainsail	$ 0.6	12	B,EI,FI,G,I,MM,S	5.55%	na	na	na
Security Benefit	Variflex	$2,091.0	11	AA,AG,B,EI,FI,G,HY,I,MM,I,SA	5.60%	na	8%	2%
United Companies	Spectra Direct	$ 3.1	15	AA,AG,B,CA,EI,FI,G,GS,MM,S	5.00%	1 Year	8.5%	5%
WM Life Insur. Co.	Composite	$ 53.2	3	FI,G,S	5.70%	1 Year	7%	1%

AA Asset Allocation
AG Aggressive Growth
B Balanced
na=data not available
CA Capital Apprec.
EI Equity/Income
FI Fixed Income
G Growth
GS Govt Securities
HY High Yield
I International
MM Money Market
RP Real Property
S Sectors
SA Social Awareness
SI Stock Index

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

Insurance Company/Contract/Fund Name	Accum. Unit Value	VA Assets $ Mil	Performance Returns thru 3/31/96 YTD	1 Yr	3 Yr	5 Yr
Canada Life/Varifund/Bond	$14.85	$ 1.8	-0.6%	10.2%	4.5%	6.9%
General American/GT Global Allocator/U.S. Gov't Income	$12.87	$ 4.9	-2.4%	6.8%	na	na
General American/Individual Variable/Bond Index	$17.23	$ 4.0	-2.5%	9.8%	4.6%	6.9%
Jackson National/Perspective/Global Bond	$10.71	$ 6.4	3.3%	na	na	na
Manulife Financial/Lifestyle/Capital Growth Bond	$11.02	$41.5	-2.4%	11.4%	5.8%	8.2%
Nationwide/Best of America IV/Fidelity High Income	$22.87	$256.6	4.8%	15.1%	10.4%	15.2%
Nationwide/America's Vision/Fidelity High Income	$12.27	$132.2	4.8%	15.0%	10.3%	15.1%
Ohio National/TOP Annuity /Bond	$23.97	$ 6.3	-2.1%	9.9%	4.5%	6.7%
Phoenix Home Life/Big Edge Choice/Fixed Income	$ 1.05	$ 2.8	-0.1%	17.7%	7.2%	9.7%
Principal Mutual/Variable Annuity/Bond	$11.71	$23.9	na	10.6%	5.8%	8.3%
Provident Mutual/VIP 2/Market St. Bond	$534.39	$ 4.2	-8.1%	10.6%	3.9%	6.1%
SAFECO/Variable Acct. B/Bond	$17.51	$ 8.1	-3.3%	9.0%	4.0%	6.5%
SAFECO/Spinnaker Plus/Bond	$17.51	$ 0.5	-3.3%	9.0%	4.0%	6.5%
SAFECO/Spinnaker Q/Bond	$17.43	$ 1.3	-3.4%	8.8%	3.8%	6.3%
SAFECO/Spinnaker NQ Flex/Bond	$17.43	$ 0.2	-3.4%	8.8%	3.8%	6.3%
SAFECO/Mainsail/Bond	$17.43	$ 0.1	-3.4%	8.8%	3.8%	6.3%
Security Benefit/Variflex/High Grade Income	$21.28	$132.0	-3.8%	8.0%	3.0%	6.6%
United Companies/Spectra Direct/High Income Bond Fund II	$10.32	$ 0.3	1.5%	na	na	na
Wm Life/Composite/Income	$27.77	$15.6	-3.1%	9.7%	4.1%	6.7%

na=data not available

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

Insurance Company/Contract/Fund Name	Accum. Unit Value	VA Assets $ Mil	Performance Returns thru 3/31/96 YTD	1 Yr	3 Yr	5 Yr
Canada Life/Varfund/VIP Growth	$33.11	$ 5.1	5.0%	32.9%	16.5%	16.6%
General American/GT Global Allocator/America	$20.40	$37.3	3.6%	16.9%	na	na
General American/Individual Variable/Managed Equity	$27.34	$17.2	5.8%	27.8%	12.3%	10.7%
Jackson National/Perspective/Alger Growth	$10.44	$ 8.6	5.5%	na	na	na
Manulife Financial/Lifestyle/Emerging Growth	$24.75	$184.1	7.1%	22.8%	18.7%	21.0%
Nationwide/Best of America IV/Fidelity Growth	$37.08	$1,071	9.0%	33.7%	18.3%	17.7%
Nationwide/America's Vision/Fidelity Growth	$14.67	$285.7	9.0%	33.5%	18.2%	17.5%
Ohio National/TOP Annuity/Equity	$39.79	$100.3	5.7%	24.7%	13.0%	11.3%
Phoenix Home Life/Big Edge Choice/Growth	$ 1.10	$13.3	1.9%	24.9%	14.8%	14.1%
Principal Mutual/Variable Annuity/Growth	$13.44	$44.3	na	20.9%	na	na
Provident Mutual/VIP 2/Fidelity VIP Growth	$690.75	$31.3	21.3%	32.5%	16.0%	16.2%
SAFECO/Variable Account B/Growth	$22.05	$21.3	6.2%	42.8%	29.5%	na
SAFECO/Spinnaker Plus/Growth	$22.05	$ 3.1	6.2%	42.8%	29.5%	na
SAFECO/Spinnaker Q/Growth	$21.95	$11.1	6.2%	42.5%	29.3%	na
SAFECO/Spinnaker NQ Flex/Growth	$21.95	$ 3.3	6.2%	42.5%	29.3%	na
SAFECO/Mainsail/Growth	$21.95	$ 0.1	6.2%	42.5%	29.3%	na
Security Benefit/Variflex/Growth	$40.40	$ 580.0	7.0%	32.9%	14.7%	14.7%
United Companies/SpectraDirect/Alger American	$10.56	$ 0.3	4.9%	na	na	na
WM Life/Composite/Growth & Income	$32.62	$29.0	5.1%	28.6%	13.3%	12.2%

na=data not available

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

Contract Fee	Admin. Fee	Mortality+ Expenses	Mgt. Fee	Other	Total	Insurance Company/Contract/Fund Name
na	.15%	1.25%	.50%	.40%	2.30%	Canada Life/Varifund/Bond
$30	.15%	1.25%	.75%	.25%	2.40%	General American/GT Global Allocator/U.S. Gov't Income
na	na	1.00%	.30%	na	1.30%	General American/Individual Variable/Bond Index
$35	.15%	1.25%	na	na	na	Jackson National/Perspective/Global Bond
$30	na	1.45%	.50%	na	1.95%	Manulife Financial/Lifestyle/Capital Growth Bond
$30	.05%	1.25%	.61%	.10%	2.01%	Nationwide/Best of America IV/Fidelity High Income
$0	.15%	1.25%	.61%	.10%	2.11%	Nationwide/America's Vision/Fidelity High Income
$30	.25%	.85%	.60%	.18%	1.88%	Ohio National/TOP Annuity/Bond
$35	.13%	1.25%	.50%	.15%	2.03%	Phoenix Home Life/Big Edge Choice/Fixed Income
$30	na	1.25%	.50%	.06%	1.81%	Principal Mutual/Variable Annuity/Bond
$30	.15%	1.25%	.35%	.25%	2.00%	Provident Mutual/VIP 2/Market St. Bond
$30	0.0%	1.25%	.72%	0.0%	1.97%	SAFECO/Variable Account B/Bond
$0	0.0%	1.25%	.72%	0.0%	1.97%	SAFECO/Spinnaker Plus/Bond
$30	.15%	1.25%	.72%	0.0%	2.12%	SAFECO/Spinnaker Q/Bond
$30	.15%	1.25%	.72%	0.0%	2.12%	SAFECO/Spinnaker NQ Flex/Bond
$30	.15%	1.25%	.72%	0.0%	2.12%	SAFECO/Mainsail/Bond
$30	na	1.20%	.75%	.10%	2.05%	Security Benefit/Variflex/High Grade Income
$30	.15%	1.52%	0.0%	.80%	2.47%	United Companies/Spectra Direct/High Income Bond Fund II
$30	0.0%	1.20%	.50%	.24%	1.94%	WM Life/Composite/Income

na=data not available

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

Contract Fee	Admin. Fee	Mortality+ Expenses	Mgt. Fee	Other	Total	Insurance Company/Contract/Fund Name
na	.25%	1.25%	0.62%	.07%	2.19%	Canada Life/Varifund/Equity
$30	.15%	1.25%	.75%	.25%	2.40%	General American/GT Global Allocator/America
na	na	1.00%	.60%	na	1.60%	General American/Individual Variable/Managed Equity
$35	.15%	1.25%	na	na	na	Jackson National/Perspective/Alger Growth
$30	na	1.45%	.50%	na	1.95%	Manulife Financial/Lifestyle/Emerging Growth
$30	.05%	1.25%	.62%	.07%	1.99%	Nationwide/Best of America IV/Fidelity Growth
$0	.15%	1.25%	.62%	.07%	2.09%	Nationwide/America's Vision/Fidelity Growth
$30	.25%	.85%	.58%	.17%	1.85%	Ohio National/TOP Annuity/Equity
$35	.13%	1.25%	.65%	.15%	2.18%	Phoenix Home Life/Big Edge Choice/Growth
$30	na	1.25%	.50%	.08%	1.83%	Principal Mutual/Variable Annuity/Growth
$30	.15%	1.25%	.61%	.07%	2.08%	Provident Mutual/VIP 2/Fidelity VIP Growth
$30	0.0%	1.25%	.72%	0.07%	2.04%	SAFECO/Variable Account B/Growth
$0	0.0%	1.25%	.72%	0.07%	2.04%	SAFECO/Spinnaker Plus/Growth
$30	.15%	1.25%	.72%	0.07%	2.19%	SAFECO/Spinnaker Q/Growth
$30	.15%	1.25%	.72%	0.07%	2.19%	SAFECO/Spinnaker NQ Flex/Growth
$30	.15%	1.25%	.72%	0.07%	2.19%	SAFECO/Mainsail/Growth
$30	0.0%	1.20%	.75%	.08%	2.03%	Security Benefit/Variflex/Growth
$30	.15%	1.52%	.75%	.10%	2.52%	United Companies/SpectraDirect/Alger American
$30	0.0%	1.20%	.50%	.18%	1.88%	WM Life/Composite/Growth & Income

na=data not available

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

Insurance Company/Contract/Fund Name	Accum. Unit Value	VA Assets $ Mil	Performance Returns thru 3/31/96 YTD	1 Yr	3 Yr	5 Yr
Canada Life/Varifund/Managed	$16.53	$12.4	0.1%	14.0%	7.0%	8.9%
General American/GT Global Allocator/Growth & Income	$15.40	$30.8	1.2%	14.1%	na	na
General American/Individual Variable/VIP Equity-Income	$14.70	$12.5	4.1%	28.0%	16.9%	17.8%
Jackson National/Perspective/Mid Cap Growth	$11.17	$10.5	8.4%	na	na	na
Nationwide/Best of America IV/Equity-Income	$26.16	$1,133.5	5.2%	25.7%	17.2%	17.7%
Nationwide/America's Vision/Equity-Income	$15.08	$400.6	5.2%	25.6%	17.1%	17.5%
Ohio National/TOP Annuity/OMNI	$30.54	$65.3	4.1%	19.4%	9.8%	10.1%
Phoenix Home Life/Big Edge Choice/Total Return	$ 1.06	$ 5.9	1.7%	13.0%	6.5%	9.4%
Principal Mutual/Variable Annuity/Asset Allocation	$12.19	$14.1	na	17.5%	11.4%	na
Provident Mutual/VIP 2/Fidelity Equity-Income	$739.18	$36.2	16.5%	27.1%	16.2%	17.1%
SAFECO/Variable Account B/Balanced	$ 12.92	$ 3.7	2.6%	20.3%	8.7%	10.1%
SAFECO/Spinnaker Plus/Balanced	$ 12.92	$ 0.9	2.6%	20.3%	8.7%	na
SAFECO/Spinnaker Q/Balanced	$ 12.79	$ 2.8	2.5%	20.1%	8.3%	9.8%
SAFECO/Spinnaker NQ Flex/Balanced	$ 12.79	$ 0.6	2.5%	20.1%	8.3%	9.8%
SAFECO/Mainsail/TCI Balanced	$7.17	$ 0.1	8.8%	23.2%	8.4%	na
Security Benefit/Variflex/Equity-Income	$12.15	$28.0	4.6%	na	na	na
United Companies/SpectraDirect/Total Return	$10.61	$ 0.2	3.3%	na	na	na

na=data not available

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

Insurance Company/Contract/Fund Name	Accum. Unit Value	VA Assets $ Mil	Performance Returns thru 3/31/95 YTD	1 Yr	3 Yr	5 Yr
Canada Life/Varifund/Fidelity Overseas	$17.11	$ 1.7	3.4%	13.1%	10.9%	7.3%
General American/GT Global Allocator/Latin America	$14.93	$20.9	6.2%	18.5%	na	na
General American/Individual Variable/VIP Overseas	$11.18	$ 4.2	3.5%	13.7%	11.2%	7.6%
Jackson National/Perspective/International Equity	$10.95	$24.2	4.8%	na	na	na
Manulife Financial/Lifestyle/International	$11.01	$22.9	3.2%	14.4%	na	na
Nationwide/Best of America IV/Fidelity Overseas	$15.74	$440.4	6.1%	13.3%	9.5%	7.3%
Nationwide/America's Vision/TCI International	$11.04	$25.5	6.3%	16.6%	na	na
Ohio National/TOP Annuity/International	$15.63	$46.6	6.3%	16.6%	na	na
Phoenix Home Life/Big Edge Choice/International	$ 1.07	$ 0.5	6.1%	18.9%	13.5%	7.2%
Principal Mutual/Variable Annuity/World	$11.58	$29.8	na	22.8%	na	na
Provident Mutual/VIP 2/Mkt. St. International	$612.85	$13.9	11.9%	11.9%	11.4%	na
SAFECO/Variable Account B/International	$12.04	$ 8.5	4.3%	17.6%	11.8%	8.3%
SAFECO/Spinnaker Plus/International	$12.04	$ 1.5	4.3%	17.6%	11.8%	8.3%
SAFECO/Spinnaker Q/International	$11.45	$ 3.4	4.3%	17.4%	11.7%	8.1%
SAFECO/Spinnaker NQ Flex/International	$12.00	$ 0.8	4.3%	17.4%	11.7%	8.1%
SAFECO/Mainsail/TCI International	$5.45	$ 0.1	9.6%	18.7%	na	na
Security Benefit/Variflex/Worldwide Equity	$13.30	$200.0	6.3%	18.0%	11.7%	na
United Companies/SpectraDirect/International	$10.53	$ 0.1	3.4%	na	na	na

na=data not available

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

Contract Fee	Admin. Fee	Mortality+ Expenses	Mgt. Fee	Other	Total	Insurance Company/Contract/Fund Name
na	.15%	1.25%	.50%	.40%	2.30%	Canada Life/Varifund/Managed
$30	.15%	1.25%	1.00%	.25%	2.65%	General American/GT Global Allocator/Growth & Income
na	na	1.00%	.62%	na	1.62%	General American/Individual Variable/VIP Equity-Income
$35	.15%	1.25%	na	na	na	Jackson National/Perspective/Mid Cap Growth
$30	.05%	1.25%	.52%	.06%	1.88%	Nationwide/Best of America IV/Equity-Income
$0	.15%	1.25%	.52%	.06%	1.98%	Nationwide/America's Vision/Equity-Income
$30	.25%	.85%	.60%	.18%	1.88%	Ohio National/TOP Annuity/OMNI
$35	.13%	1.25%	.60%	.15%	2.13%	Phoenix Home Life/Big Edge Choice/Total Return
$30	na	1.25%	.80%	.09%	2.14%	Principal Mutual/Variable Annuity/Asset Allocation
$30	.15%	1.25%	.52%	.09%	2.01%	Provident Mutual/VIP 2/Fidelity Equity-Income
$30	0.0%	1.25%	.48%	.18%	1.91%	SAFECO/Variable Account B/Balanced
$30	0.0%	1.25%	.48%	.18%	1.91%	SAFECO/Spinnaker Plus/Balanced
$30	.15%	1.25%	.48%	.18%	2.06%	SAFECO/Spinnaker Q/Balanced
$30	.15%	1.25%	.48%	.18%	2.06%	SAFECO/Spinnaker NQ Flex/Balanced
$30	.15%	1.25%	1.00%	0%	2.40%	SAFECO/Mainsail/TCI Balanced
$30	0.0%	1.20%	1.00%	.40%	2.60%	Security Benefit/Variflex/Equity-Income
$30	.15%	1.52%	.75%	.25%	2.67%	United Companies/SpectraDirect/Total Return

na=data not available

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

Contract Fee	Admin. Fee	Mortality+ Expenses	Mgt. Fee	Other	Total	Insurance Company/Contract/Fund Name
na	.15%	1.25%	.77%	.15%	2.32%	Canada Life/Varifund/Fidelity Overseas
$30	.15%	1.25%	1.00%	.25%	2.65%	General American/GT Global Allocator/Latin America
na	na	1.00%	1.03%	na	2.03%	General American/Individual Variable/VIP Overseas
$35	.15%	1.25%	na	na	na	Jackson National/Perspective/International Equity
$30	na	1.45%	1.35%	na	2.80%	Manulife Financial/Lifestyle/International
$30	.05%	1.25%	.77%	.15%	2.22%	Nationwide/Best of America IV/Fidelity Overseas
$0	.15%	1.25%	1.50%	0%	2.90%	Nationwide/America's Vision/TCI International
$30	.25%	.85%	.90%	.15%	2.15%	Ohio National/TOP Annuity/International
$35	.13%	1.25%	.75%	.35%	2.48%	Phoenix Home Life/Big Edge Choice/International
$30	0.0%	1.25%	.75%	.20%	2.20%	Principal Mutual/Variable Annuity/World
$30	.15%	1.25%	.75%	.40%	2.55%	Provident Mutual/VIP 2/Mkt. St. International
$30	0.0%	1.25%	.88%	.21%	2.34%	SAFECO/Variable Account B/International
$0	0.0%	1.25%	.88%	.22%	2.35%	SAFECO/Spinnaker Plus/International
$30	.15%	1.25%	.88%	.18%	2.46%	SAFECO/Spinnaker Q/International
$30	.15%	1.25%	.88%	.18%	2.46%	SAFECO/Spinnaker NQ Flex/International
$30	.15%	1.25%	1.50%	0%	2.90%	SAFECO/Mainsail/TCI International
$30	0.0%	1.20%	1.00%	.31%	2.51%	Security Benefit/Variflex/Worldwide Equity
$30	.15%	1.52%	.88%	.21%	2.76%	United Companies/SpectraDirect/International

na=data not available

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

Insurance Company/Contract/Fund Name	Accum. Unit Value	VA Assets $ Mil	Performance Returns thru 3/31/96 YTD	1 Yr	3 Yr	5 Yr
Canada Life/Varifund/Frontier	$15.13	$ 1.2	34.9%	na	na	na
Canada Life/Varifund/Communications & Information	$13.33	$ 3.3	-16.2%	21.7%	na	na
Canada Life/Varifund/Capital	$14.72	$ 3.8	5.7%	28.3%	na	na
Canada Life/Varifund/Fidelity High Income	$28.24	$ 2.5	3.4%	16.6%	10.2%	15.8%
Canada Life/Varifund/Asset Manager	$18.42	$ 2.8	2.6%	16.1%	7.7%	9.8%
Canada Life/Varifund/International Equity	$11.15	$ 0.3	6.4%	na	na	na
Canada Life/Varifund/Equity	$17.39	$ 5.7	0.5%	14.8%	7.7%	9.7%
General American/GT Global Allocator/Europe	$17.94	$17.5	11.8%	29.4%	na	na
General American/GT Global Allocator/New Pacific	$14.86	$25.6	10.3%	17.4%	na	na
General American/GT Global Allocator/Emerging Markets	$12.72	$12.8	23.9%	28.3%	na	na
General American/GT Global Allocator/International	$11.24	$ 4.2	5.1%	10.0%	na	na
General American/GT Global Allocator/Strategic	$14.71	$23.7	1.0%	19.4%	na	na
General American/GT Global Allocator/Global Gov't Income	$12.98	$10.9	-2.6%	4.8%	na	na
General American/GT Global Allocator/Telecommunications	$17.95	$54.2	6.9%	34.5%	na	na
General American/Individual Variable/VIP Growth Portfolio	$13.95	$14.5	5.1%	33.4%	16.8%	16.9%
General American/Individual Variable/Asset Allocation	$21.89	$11.2	3.8%	22.8%	9.9%	9.6%
General American/Individual Variable/S&P500	$28.66	$29.3	5.1%	30.4%	14.2%	13.2%
Manulife Financial/Lifestyle/Real Estate Securities	$15.28	$54.0	1.2%	18.3%	5.9%	14.5%
Manulife Financial/Lifestyle/Common Stock	$18.02	$69.6	4.3%	27.1%	11.7%	12.4%
Nationwide/Best of America IV/Neuberger & Berman Growth	$30.26	$327.1	9.6%	28.7%	13.9%	11.2%
Nationwide/Best of America IV/TCI Portfolios Growth	$26.10	$426.9	4.1%	24.3%	13.8%	10.3%
Nationwide/America's Vision/Stock Index Fund	$14.40	$87.4	6.3%	27.7%	15.0%	12.8%
Nationwide/America's Vision/Total Return Fund	$13.59	$76.0	6.1%	22.5%	13.1%	13.0%
Ohio National/Top/Capital Appreciation	$11.82	$ 4.7	3.9%	18.1%	na	na
Ohio National/Top/Small Cap	$12.66	$ 3.6	3.8%	26.5%	na	na
Ohio National/Top/Global Contrarian	$10.71	$ 0.4	5.7%	14.0%	na	na
Ohio National/Top/Aggressive Growth	$10.20	$ 0.5	-2.9%	22.2%	na	na
Phoenix Mutual/Big Edge Choice/Balanced	$1.05	$ 1.7	0.6%	17.2%	6.6%	na
Phoenix Mutual/Big Edge Choice/US Small Capitalization	$1.09	$ 3.3	14.3%	31.4%*	na	na
Phoenix Mutual/Big Edge Choice/Int'l Small Capitalization	$1.25	$ 2.4	14.9%	53.2%*	na	na
Phoenix Mutual/Big Edge Choice/Real Estate	$1.07	$ 0.4	1.5%	18.5%*	na	na
Phoenix Mutual/Big Edge Choice/Strategic Theme	$1.01	$ 0.1	2.4%	2.4%*	na	na
Principal Mutual/Variable Annuity/Aggressive Growth	$15.58	$27.1	na	39.9%	27.4%	na
Principal Mutual/Variable Annuity/Capital Accumulation	$13.99	$42.8	na	27.3%	12.0%	12.7%
Principal Mutual/Variable Annuity/Gov't Securities	$11.47	$34.0	na	9.2%	4.0%	7.0%
Principal Mutual/Variable Annuity/Balanced	$12.41	$23.9	na	17.8%	8.4%	11.7%
Principal Mutual/Variable Annuity/Emerging Growth	$13.60	$51.6	na	26.9%	16.1%	16.7%
SAFECO/Variable Account B/Equity	$33.72	$93.7	4.3%	26.8%	19.2%	16.3%
SAFECO/Variable Account B/Northwest	$11.61	$ 1.8	7.8%	10.9%	6.2%	na

na=data not available
*Since inception 5/1/95

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

Contract Fee	Admin. Fee	Mortality+ Expenses	Mgt. Fee	Other	Total	Insurance Company/Contract/Fund Name
na	.15%	1.25%	.75%	.20%	2.35%	Canada Life/Varifund/Frontier
na	.15%	1.25%	.75%	.20%	2.35%	Canada Life/Varifund/Communications & Information
na	.15%	1.25%	.50%	.40%	2.30%	Canada Life/Varifund/Capital
na	.15%	1.25%	.61%	.10%	2.11%	Canada Life/Varifund/High Income
na	.15%	1.25%	.72%	.07%	2.19%	Canada Life/Varifund/Asset Manager
na	.15%	1.25%	.80%	.40%	2.60%	Canada Life/Varifund/International Equity
na	.15%	1.25%	.50%	.40%	2.30%	Canada Life/Varifund/Equity
$30	.15%	1.25%	1.00%	.25%	2.65%	General American/GT Global Allocator/Europe
$30	.15%	1.25%	1.00%	.25%	2.65%	General American/GT Global Allocator/New Pacific
$30	.15%	1.25%	1.00%	.25%	2.65%	General American/GT Global Allocator/Emerging Markets
$30	.15%	1.25%	1.00%	.25%	2.65%	General American/GT Global Allocator/International
$30	.15%	1.25%	.75%	.25%	2.40%	General American/GT Global Allocator/Strategic
$30	.15%	1.25%	.75%	.25%	2.40%	General American/GT Global Allocator/Global Gov't Income
$30	.15%	1.25%	1.00%	.25%	2.65%	General American/GT Global Allocator/Telecommunications
na	na	1.00%	.71%	na	1.71%	General American/Individual Variable/VIP Growth Portfolio
na	na	1.00%	.60%	na	1.60%	General American/Individual Variable/Asset Allocation
na	na	1.00%	.30%	na	1.30%	General American/Individual Variable/S&P500
$30	na	1.45%	.50%	na	1.95%	Manulife Financial/Lifestyle/Real Estate Securities
$30	na	1.45%	.50%	na	1.95%	Manulife Financial/Lifestyle/Common Stock
$30	.05%	1.25%	.79%	.12%	2.21%	Nationwide/Best of America IV/Neuberger & Berman Growth
$30	.05%	1.25%	1.00%	0.0%	2.30%	Nationwide/Best of America IV/TCI Portfolios Growth
$0	.15%	1.25%	.14%	.26%	1.80%	Nationwide/America's Vision/Stock Index Fund
$0	.15%	1.25%	.50%	.02%	1.92%	Nationwide/America's Vision/Total Return Fund
$30	.25%	.85%	.80%	.13%	2.03%	Ohio National/Top/Capital Appreciation
$30	.25%	.85%	.80%	.12%	2.02%	Ohio National/Top/Small Cap
$30	.25%	.85%	.90%	.40%	2.40%	Ohio National/Top/Global Contrarian
$30	.25%	.85%	.80%	.25%	2.15%	Ohio National/Top/Aggressive Growth
$35	.13%	1.25%	.55%	.15%	2.08%	Phoenix Mutual/Big Edge Choice/Balanced
$35	.13%	1.25%	.98%	.17%	2.53%	Phoenix Mutual/Big Edge Choice/US Small Capitalization
$35	.13%	1.25%	1.27%	.27%	2.92%	Phoenix Mutual/Big Edge Choice/Int'l Small Capitalization
$35	.13%	1.25%	.75%	.25%	2.38%	Phoenix Mutual/Big Edge Choice/Real Estate
$35	.13%	1.25%	.75%	.25%	2.38%	Phoenix Mutual/Big Edge Choice/Strategic Theme
$30	0.0%	1.25%	.80%	.10%	2.15%	Principal Mutual/Variable Annuity/Aggressive Growth
$30	0.0%	1.25%	.49%	.02%	1.76%	Principal Mutual/Variable Annuity/Capital Accumulation
$30	0.0%	1.25%	.50%	.05%	1.80%	Principal Mutual/Variable Annuity/Gov't Securities
$30	0.0%	1.25%	.60%	.06%	1.91%	Principal Mutual/Variable Annuity/Balanced
$30	0.0%	1.25%	.65%	.05%	1.95%	Principal Mutual/Variable Annuity/Emerging Growth
$30	0.0%	1.25%	.72%	.03%	2.00%	SAFECO/Variable Account B/Equity
$30	0.0%	1.25%	.71%	0.0%	1.96%	SAFECO/Variable Account B/Northwest

na=data not available

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

Insurance Company/Contract/Fund Name	Accum. Unit Value	VA Assets $ Mil	Performance Returns thru 3/31/96 YTD	1 Yr	3 Yr	5 Yr
SAFECO/Spinnaker Plus/Equity	$33.72	$ 6.6	4.3%	26.8%	19.2%	16.3%
SAFECO/Spinnaker Plus/Northwest	$11.61	$ 0.4	7.8%	10.9%	6.2%	na
SAFECO/Spinnaker Plus/Utility Fund II	$10.87	$ 0.1	1.1%	15.6%	na	na
SAFECO/Spinnaker Plus/High Income Bond Fund II	$ 9.77	$ 0.0	2.4%	8.3%	na	na
SAFECO/Spinnaker Plus/International Equity Fund II	$10.62	$ 0.0	3.5%	na	na	na
SAFECO/Spinnaker Plus/Emerging Markets	$10.32	$ 0.1	12.7%	15.3%	na	na
SAFECO/Spinnaker Plus/Natural Resources	$12.15	$ 0.1	14.1%	24.9	6.2	na
SAFECO/Spinnaker Q/Equity	$33.59	$15.4	4.3%	26.6%	19.0%	15.2%
SAFECO/Spinnaker Q/Northwest	$11.56	$ 0.8	7.7%	10.7%	6.0%	na
SAFECO/Spinnaker Q/Utility Fund II	$10.86	$ 0.1	1.1%	15.5%	na	na
SAFECO/Spinnaker Q/High Income Bond Fund II	$ 9.76	$ 0.0	2.3%	8.2%	na	na
SAFECO/Spinnaker Q/International Equity Fund II	$10.61	$ 0.1	3.4%	na	na	na
SAFECO/Spinnaker Q/Emerging Markets	$10.31	$ 0.1	12.6%	15.2%	na	na
SAFECO/Spinnaker Q/Natural Resources	$12.14	$ 0.1	14.0%	24.8	6.2	na
SAFECO/Spinnaker NQ Flex/Equity	$33.59	$ 4.1	4.3%	26.6%	19.0%	15.2%
SAFECO/Spinnaker NQ Flex/Northwest	$11.56	$ 0.2	7.7%	10.7%	6.0%	na
SAFECO/Spinnaker NQ Flex/Utility Fund II	$10.86	$ 0.1	1.1%	15.5%	na	na
SAFECO/Spinnaker NQ Flex/High Income Bond Fund II	$ 9.76	$ 0.1	2.3%	8.2%	na	na
SAFECO/Spinnaker NQ Flex/International Equity Fund II	$10.61	$ 0.1	3.4%	na	na	na
SAFECO/Spinnaker NQ Flex/Emerging Markets	$10.31	$ 0.1	12.6%	15.2%	na	na
SAFECO/Spinnaker NQ Flex/Natural Resources	$12.14	$ 0.0	14.0%	24.8	6.2	na
SAFECO/Mainsail/Equity	$33.59	$ 0.2	4.3%	26.6%	19.0%	15.2%
SAFECO/Mainsail/Northwest	$11.56	$ 0.1	7.7%	10.7%	6.0%	na
SAFECO/Mainsail/Utility Fund II	$10.86	$ 0.1	1.1%	15.5%	na	na
SAFECO/Mainsail/High Income Bond Fund II	$ 9.76	$ 0.1	2.3%	8.2%	na	na
SAFECO/Mainsail/Emerging Markets	$10.31	$ 0.1	12.6%	15.2%	na	na
SAFECO/Mainsail/Natural Resources	$12.14	$ 0.1	14.0%	24.8%	6.2%	na
SAFECO/Mainsail/U.S. Small Cap Advisor	$13.24	$ 0.1	15.2%	na	na	na
Security Benefit/Variflex/Emerging Growth	$16.57	$106.0	7.2%	25.1%	8.5%	na
Security Benefit/Variflex/Social Awareness	$17.00	$42.0	6.5%	27.3%	12.6%	na
Security Benefit/Variflex/Specialized Asset Allocation	$11.03	$23.0	3.7%	na	na	na
Security Benefit/Variflex/Growth-Income	$42.27	$852.0	6.0%	28.3%	10.8%	12.3%
Security Benefit/Variflex/Global Aggressive Bond	$10.72	$ 8.0	0.3%	na	na	na
Security Benefit/Variflex/Managed Asset Allocation	$10.86	$14.0	1.9%	na	na	na
United Companies/SpectraDirect/Emerging Growth	$10.90	$ 0.2	7.1%	na	na	na
United Companies/SpectraDirect/Utility Fund II	$10.32	$ 0.0	-0.7%	na	na	na
United Companies/SpectraDirect/U.S. Gov't Securities II	$10.03	$ 0.0	-1.0%	na	na	na
United Companies/SpectraDirect/Stock Index	$10.78	$ 0.3	5.3%	na	na	na
United Companies/SpectraDirect/Gold & Natural Resources	$11.63	$ 0.0	12.1%	na	na	na
United Companies/SpectraDirect/Growth & Income	$11.58	$ 0.3	10.2%	na	na	na
WM Life/Composite/Northwest Fund	$19.70	$ 8.6	3.9%	22.0%	8.8%	na

na=data not available

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

Contract Fee	Admin. Fee	Mortality+ Expenses	Mgt. Fee	Other	Total	Insurance Company/Contract/Fund Name
$0	0.0%	1.25%	.72%	.03%	2.00%	SAFECO/Spinnaker Plus/Equity
$30	0.0%	1.25%	.71%	0.0%	1.96%	SAFECO/Spinnaker Plus/Northwest
$0	.15%	1.25%	0.0%	.85%	2.25%	SAFECO/Spinnaker Plus/Utility Fund II
$0	0.0%	1.25%	0.0%	.80%	2.05%	SAFECO/Spinnaker Plus/High Income Bond Fund II
$0	0.0%	1.25%	0.0%	1.25%	2.50%	SAFECO/Spinnaker Plus/International Equity Fund II
$0	0.0%	1.25%	.85%	.47%	2.57%	SAFECO/Spinnaker Plus/Emerging Markets
$0	0.0%	1.25%	1.00%	.47%	2.72%	SAFECO/Spinnaker Plus/Natural Resources
$30	.15%	1.25%	.72%	.03%	2.15%	SAFECO/Spinnaker Q/Equity
$30	.15%	1.25%	.71%	0.0%	2.11%	SAFECO/Spinnaker Q/Northwest
$30	.15%	1.25%	0.0%	.85%	2.25%	SAFECO/Spinnaker Q/Utility Fund II
$30	.15%	1.25%	0.0%	.80%	2.20%	SAFECO/Spinnaker Q/High Income Bond Fund II
$30	.15%	1.25%	0.0%	1.25%	2.65%	SAFECO/Spinnaker Q/International Equity Fund II
$30	.15%	1.25%	.85%	.47%	2.72%	SAFECO/Spinnaker Q/Emerging Markets
$30	.15%	1.25%	1.00%	.47%	2.87%	SAFECO/Spinnaker Q/Natural Resources
$30	.15%	1.25%	.72%	.03%	2.15%	SAFECO/Spinnaker NQ Flex/Equity
$30	.15%	1.25%	.71%	0.0%	2.11%	SAFECO/Spinnaker NQ Flex/Northwest
$30	.15%	1.25%	0.0%	.85%	2.25%	SAFECO/Spinnaker NQ Flex/Utility Fund II
$30	.15%	1.25%	0.0%	.80%	2.20%	SAFECO/Spinnaker NQ Flex/High Income Bond Fund II
$30	.15%	1.25%	0.0%	1.25%	2.65%	SAFECO/Spinnaker NQ Flex/International Equity Fund II
$30	.15%	1.25%	.85%	.47%	2.72%	SAFECO/Spinnaker NQ Flex/Emerging Markets
$30	.15%	1.25%	1.00%	.47%	2.87%	SAFECO/Spinnaker NQ Flex/Natural Resources
$30	.15%	1.25%	0.72%	.03%	2.15%	SAFECO/Mainsail/Equity
$30	.15%	1.25%	.71%	0.0%	2.11%	SAFECO/Mainsail/Northwest
$30	.15%	1.25%	0.0%	.85%	2.25%	SAFECO/Mainsail/Utility Fund II
$30	.15%	1.25%	0.0%	.80%	2.20%	SAFECO/Mainsail/High Income Bond Fund II
$30	.15%	1.25%	.85%	.47%	2.72%	SAFECO/Mainsail/Emerging Markets
$30	.15%	1.25%	1.00%	.47%	2.87%	SAFECO/Mainsail/Natural Resources
$30	.15%	1.25%	1.00%	.35%	2.75%	SAFECO/Mainsail/U.S. Small Cap Advisor
$30	0.0%	1.20%	.75%	.09%	2.04%	Security Benefit/Variflex/Emerging Growth
$30	0.0%	1.20%	.75%	.11%	2.06%	Security Benefit/Variflex/Social Awareness
$30	0.0%	1.20%	1.00%	.94%	3.14%	Security Benefit/Variflex/Specialized Asset Allocation
$30	0.0%	1.20%	.75%	.08%	2.03%	Security Benefit/Variflex/Growth-Income
$30	0.0%	1.20%	.75%	.88%	2.83%	Security Benefit/Variflex/Global Aggressive Bond
$30	0.0%	1.20%	1.00%	.90%	3.10%	Security Benefit/Variflex/Managed Asset Allocation
$30	.15%	1.52%	.75%	.25%	2.67%	United Companies/SpectraDirect/Emerging Growth
$30	.15%	1.52%	0.0%	.85%	2.52%	United Companies/SpectraDirect/Utility Fund II
$30	.15%	1.52%	0.0%	.80%	2.47%	United Companies/SpectraDirect/U.S. Gov't Securities II
$30	.15%	1.52%	.27%	.12%	2.06%	United Companies/SpectraDirect/Stock Index
$30	.15%	1.52%	1.00%	.21%	2.88%	United Companies/SpectraDirect/Gold & Natural Resources
$30	.15%	1.52%	.72%	.20%	2.59%	United Companies/SpectraDirect/Growth & Income
$30	0.0%	1.20%	.50%	.34%	2.04%	WM Life/Composite/Northwest Fund

na=data not available

Life Insurance Update

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

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

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

Company	Policy Name	Age 35	35-39 inclusive	Age 40	40-44 inclusive	Age 45	45-49 inclusive
American Heritage Life	Patriot I	$ 258	$ 1,445	$ 283	$ 1,848	$ 363	$ 2,530
Columbia Universal	T-90 ART	$ 273	$ 1,435	$ 328	$ 1,897	$ 463	$ 2,639
Commercial Union	Annual R&C Term	$ 305	$ 1,690	$ 403	$ 2,335	$ 578	$ 3,433
Fidelity & Guaranty	1 Yr R&C Term	$ 208	$ 1,471	$ 233	$ 1,953	$ 278	$ 2,663
Franklin Life	Challenger 90	$ 265	$ 1,810	$ 325	$ 2,495	$ 425	$ 3493
Golden Rule	Valu Term 1	$ 228	$ 1,360	$ 255	$ 1,808	$ 265	$ 2,410
Jackson National	Choice YRT 100	$ 188	$ 1,263	$ 210	$ 1,653	$ 250	$ 2,055
Jackson National	Prime YRT 100	$ 195	$ 1,313	$ 218	$ 1,723	$ 260	$ 2,148
Midwestern Nat'l	Anyone 'C'	$ 262	$ 1,722	$ 282	$ 2,120	$ 347	$ 2,936
Midwestern Nat'l	Valuterm	$ 253	$ 1,538	$ 280	$ 1,950	$ 323	$ 2,713
National Guardian	TermGuard III	$ 238	$ 1,453	$ 250	$ 1,885	$ 288	$ 2,455
Ohio National	YRT 99	$ 338	$ 1,832	$ 438	$ 2,425	$ 566	$ 3,140
Phoenix Home Life	Term Life Success	$ 205	$ 1,333	$ 218	$ 1,738	$ 280	$ 2,370
Principal Mutual	ART	$ 288	$ 1,562	$ 355	$ 2,096	$ 440	$ 2,853
Savings Bank LIC/MA	YRT	$ 218	$ 1,135	$ 243	$ 1,388	$ 345	$ 2,038
Security Benefit	YRT-100	$ 283	$ 1,405	$ 428	$ 2,228	$ 658	$ 3,403
Secur.Mutual/NY	Prime Select ART	$ 190	$ 1,480	$ 233	$ 1,935	$ 245	$ 2,530
Southwestern LIC	ART 100	$350	$ 1,843	$ 403	$ 2,235	$ 545	$ 3,298
USG Annuity & Life	Vision Term	$ 208	$ 1,540	$ 225	$ 1,905	$ 250	$ 2,645

Survey period: May 21, 1996 thru May 24, 1996

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

Company	Policy Name	Age 50	50-54 inclusive	Age 55	55-59 inclusive	Age 60	60-64 inclusive
American Heritage Life	Patriot I	$ 508	$ 3,745	$ 710	$ 5,253	$ 1,105	$ 8,248
Columbia Universal	T-90 ART	$ 630	$ 3,577	$ 868	$ 5,122	$ 1,313	$ 7,952
Commercial Union	Annual R&C Term	$ 865	$ 4,753	$ 1,130	$ 6,430	$ 1,540	$ 9,508
Fidelity & Guaranty	1 Yr R&C Term	$ 380	$ 3,412	$ 565	$ 5,522	$ 1,120	$ 9,401
Franklin Life	Challenger 90	$ 585	$ 4,873	$ 925	$ 7,828	$ 1,518	$13,465
Golden Rule	Value Term 1	$ 385	$ 3,650	$ 660	$ 5,743	$ 1,045	$ 8,795
Jackson National	Choice YRT 100	$ 370	$ 3,005	$ 520	$ 4,375	$ 750	$ 7,067
Jackson National	Prime YRT 100	$ 385	$ 3,140	$ 543	$ 4,580	$ 785	$ 7,410
Midwestern Nat'l	Anyone 'C'	$ 444	$ 3,741	$ 636	$ 5,551	$ 854	$ 8,746
Midwestern Nat'l	Valu Term	$ 460	$ 3,950	$ 638	$ 5,803	$ 1,023	$ 9,103
National Guardian	TermGuard III	$ 390	$ 3,473	$ 543	$ 4,868	$ 833	$ 7,593
Ohio National	YRT 99	$ 740	$ 4,345	$ 1,146	$ 6,493	$ 1,556	$ 9,393
Phoenix Home Life	Term Life Success	$ 398	$ 3,245	$ 560	$ 4,670	$ 905	$ 8,468
Principal Mutual	ART	$ 555	$ 4,103	$ 763	$ 6,009	$1,370	$10,226
Savings Bank LIC/MA	YRT	$ 525	$ 3,168	$ 868	$ 5,255	$ 1,410	$ 8,485
Security Benefit LIC	YRT-100	$ 993	$ 5,185	$ 1,445	$ 7,520	$ 2,248	$11,875
Secur.Mutual/NY	Prime Select ART	$ 318	$ 3,420	$ 473	$ 4,980	$ 670	$ 7,345
Southwestern LIC	ART 100	$ 863	$ 5,095	$ 1,273	$ 7,423	$ 1,875	$11,395
USG Annuity & Life	Vision Term	$ 380	$ 3,648	$ $ 533	$ 5,378	$ 850	$ 7,738

Survey period: May 21, 1996 thru May 24, 1996

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

Company	Policy Name	Age 35	35-39 inclusive	Age 40	40-44 inclusive	Age 45	45-49 inclusive
American Heritage Life	Patriot I	$ 250	$ 1,385	$ 263	$ 1,528	$ 293	$ 1,958
Columbia Universal	T-90 ART	$ 263	$ 1,339	$ 278	$ 1,490	$ 353	$ 2,032
Commercial Union	Annual R&C Term	$ 270	$ 1,480	$ 348	$ 2,008	$ 488	$ 2,833
Fidelity & Guaranty	1 Yr R&C Term	$ 208	$ 1,398	$ 215	$ 1,634	$ 250	$ 2,241
Franklin Life	Challenger 90	$ 258	$ 1,633	$ 263	$ 1,983	$ 303	$ 2,493
Golden Rule	Valu Term 1	$ 188	$ 1,118	$ 230	$ 1,475	$ 248	$ 1,783
Jackson National	Choice YRT 100	$ 168	$ 1,108	$ 193	$ 1,425	$ 230	$ 1,748
Jackson National	Prime YRT 100	$ 173	$ 1,150	$ 200	$ 1,487	$ 240	$ 1,822
Midwestern Nat'l	Anyone 'C'	$ 241	$ 1,561	$ 274	$ 2,003	$ 326	$ 2,531
Midwestern Nat'l	Valu Term	$ 198	$ 1,263	$ 253	$ 1,678	$ 280	$ 2,090
National Guardian	ValuGuard III	$ 200	$ 1,260	$ 225	$ 1,558	$ 260	$ 2020
Ohio National	YRT 99	$ 321	$ 1,638	$ 348	$ 1,933	$ 461	$ 2,553
Phoenix Home Life	Term Life Success	$ 175	$ 1,188	$ 215	$ 1,630	$ 248	$ 1,933
Principal Mutual LIC	ART	$ 283	$ 1,496	$ 293	$ 1,644	$ 370	$ 2,224
Savings Bank LIC/MA	YRT	$ 218	$ 1,135	$ 243	$ 1,388	$ 345	$ 2,038
Security Benefit LIC	YRT-100	$ 225	$ 1,115	$ 338	$ 1,765	$ 520	$ 2,693
Secur.Mutual/NY	Prime Select ART	$ 148	$ 1,143	$ 183	$ 1,485	$ 188	$ 1,923
Southwestern LIC	ART 100	$ 323	$ 1,713	$ 378	$ 2,110	$ 510	$ 2,978
USG Annuity & Life	Vision Term	$ 218	$ 1,433	$ 225	$ 1,830	$ 235	$ 2,393

Survey period: May 21, 1996 thru May 24, 1996

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

Company	Policy Name	Age 50	50-54 inclusive	Age 55	55-59 inclusive	Age 60	60-64 inclusive
American Heritage Life	Patriot I	$ 390	$ 2,768	$ 543	$ 4,023	$ 765	$ 5,733
Columbia Universal	T-90 ART	$ 495	$ 2,806	$ 668	$ 3,815	$ 935	$ 5,567
Commercial Union	Annual R&C Term	$ 700	$ 3,888	$ 883	$ 4,713	$ 1,035	$ 6,228
Fidelity & Guaranty	1 Yr R&C Term	$ 315	$ 2,953	$ 423	$ 3,999	$ 758	$ 6,894
Franklin Life	Challenger 90	$ 390	$ 3,160	$ 525	$ 4,358	$ 803	$ 6,730
Golden Rule	Valu Term 1	$ 318	$ 2,630	$ 418	$ 3,865	$ 573	$ 5,070
Jackson National	Choice YRT 100	$ 280	$ 2,210	$ 365	$ 3,020	$ 495	$ 4,430
Jackson National	Prime YRT 100	$ 292	$ 2,307	$ 380	$ 3,157	$ 517	$ 4,640
Midwestern Nat'l	Anyone 'C'	$ 386	$ 3,092	$ 474	$ 4,113	$ 628	$ 5,776
Midwestern Nat'l	Valu Term	$ 335	$ 2,775	$ 433	$ 3,813	$ 610	$ 4,668
National Guardian	ValuGuard III	$ 303	$ 2,520	$ 378	$3,280	$ 543	$ 4,885
Ohio National	YRT 99	$ 595	$ 3,315	$ 793	$ 4,750	$ 1,221	$ 6,903
Phoenix Home Life	Term Life Success	$ 313	$ 2,505	$ 398	$ 3,355	$ 538	$ 4,745
Principal Mutual LIC	ART	$ 460	$ 3,064	$ 585	$ 4,418	$ 828	$ 6,596
Savings Bank LIC/MA	YRT	$ 525	$ 3,168	$ 868	$ 5,255	$ 1,410	$ 8,485
Security Benefit LIC	YRT-100	$ 785	$ 4,100	$ 1,143	$ 5,948	$ 1,778	$ 9,388
Secur.Mutual/NY	Prime Select ART	$ 245	$ 2,603	$ 360	$ 3,770	$ 508	$ 5,448
Southwestern LIC	ART 100	$ 735	$ 4,180	$ 985	$ 5,400	$ 1,238	$ 6,952
USG Annuity & Life	Vision Term	338	$ 3,140	$ 445	$ 4,425	$ 740	$ 6,623

Survey period: May 21, 1996 thru May 24, 1996

Life Insurance Update

Ten-year level term has the same basic contractual obligations as annual renewable term. The main difference is one of pricing. For Ten-year level term, the premium is guranteed to remain constant for a period of ten yeras, unlike annual Renewable term where the premiums gradually increase each year. The premiums illustrated below assume that a non-smoker male or female purchases a 10-year level term policy with a face amount of $250,000 beginning at various ages: 35, 40, 45, 50, 55, and 60. Each policy is guaranteed renewable for the next nine years at the same initial premium level.

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

Company	Policy Name	Age 35	Age 40	Age 45	Age 50	Age 55	Age 60
American Heritage	Patriot X	$ 278	$ 343	$ 530	$ 828	$ 1,228	$ 1,888
Amer.Life&Casualty	Protector	$ 333	$ 463	$ 705	$ 1,113	$ 1,563	$ 2,125
Columbia Universal	T-90 Level	$ 290	$ 403	$ 563	$ 780	$ 1,160	$ 1,860
Federal Home Life	Ideal Term (10 Yr)	$ 260	$ 345	$ 470	$ 650	$ 925	$ 1,393
Fidelity & Guaranty Life	10 Yr R&C Term	$ 288	$ 410	$ 563	$ 823	$ 1,235	$ 1,840
Golden Rule	Valu Term 10	$ 260	$ 348	$ 478	$ 708	$ 1,125	$ 1,770
Jackson National	10-Yr. R&C Term	$ 213	$ 288	$ 388	$ 593	$ 868	$ 1,293
Manulife	Manulife 10	$ 248	$ 350	$ 480	$ 698	$ 1,005	$ 1,463
Midwestern Nat'l	Valu Term 10	$ 290	$ 415	$ 580	$ 865	$ 1,305	$ 1,965
Midwestern Nat'l	Anyone 'C'	$ 366	$ 461	$ 649	$ 881	$ 1,349	$ 2,033
Ohio National	Q-10 Ultra	$ 235	$ 320	$ 433	$ 628	$ 933	$ 1,367
Phoenix Home Life	Term Life 10+	$ 250	$ 318	$ 435	$ 615	$ 963	$1,553
Presidential	10-Year Term	$ 340	$ 420	$ 575	$ 823	$ 1,183	$ 1,823
Principal Mutual	10-Yr Level Term	$ 315	$ 433	$ 618	$ 920	$ 1,390	$ 2,193
Savings Bank Life/MA	10 Yr Term	$ 225	$ 310	$ 425	$ 645	$ 995	$ 1,520
Security Benefit LIC	Security 10 LT	$ 400	$ 540	$ 763	$ 1,063	$ 1,525	$ 2,323
Security Mutual/NY	Prime Select 10	$ 393	$ 480	$ 583	$ 790	$ 1,195	$ 1,815
Southwestern LIC	10 Yr. Term	$ 410	$ 540	$ 718	$ 1,030	$ 1,485	$ 2,415
USG Annuity & Life	Vision Term	$ 358	$ 458	$ 658	$ 920	$ 1,388	$ 1,938

Survey period: May 21, 1996 thru May 24, 1996

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

Company	Policy Name	Age 35	Age 40	Age 45	Age 50	Age 55	Age 60
American Heritage	Patriot X	$ 268	$ 283	$ 370	$ 580	$ 895	$ 1,330
Amer.Life&Casualty	Protector	$ 268	$ 395	$ 528	$ 803	$ 1,085	$ 1,730
Columbia Universal	T-90 Level	$ 268	$ 305	$ 433	$ 600	$ 838	$ 1,268
Federal Home Life	Ideal Term (10 Yr)	$ 228	$ 285	$ 375	$ 480	$ 635	$ 895
Fidelity & Guaranty Life	10 Yr R&C Term	$ 273	$ 288	$ 410	$ 563	$ 823	$ 1,235
Golden Rule	Valu Term 10	$ 220	$ 283	$ 370	$ 503	$ 723	$ 960
Jackson National	10-Yr. R&C Term	$ 190	$ 238	$ 310	$ 430	$ 588	$ 805
Manulife	Manulife 10	$ 235	$ 283	$ 395	$ 555	$ 808	$ 1,145
Midwestern Nat'l	Valu Term 10	$ 250	$ 330	$ 438	$ 608	$ 813	$ 1,115
Midwestern Nat'l	Anyone 'C'	$ 340	$ 442	$ 570	$ 726	$ 978	$ 1,365
Ohio National	Q-10 Ultra	$ 195	$ 275	$ 370	$ 500	$ 715	$ 1,020
Phoenix Home Life	Term Life 10+	$ 210	$ 288	$ 375	$ 498	$ 718	$ 1,050
Presidential	10-Year Term	$ 290	$ 333	$ 405	$ 490	$ 683	$ 1,065
Principal Mutual	10-Yr Level Term	$ 303	$ 330	$ 465	$ 665	$ 995	$ 1,515
Savings Bank Life/MA	10 Yr Term	$ 225	$ 310	$ 425	$ 645	$ 995	$ 1,520
Security Benefit LIC	Security 10 LT	$ 350	$ 463	$ 613	$ 845	$ 1,175	$ 1,688
Security Mutual/NY	Prime Select 10	$ 340	$ 415	$ 508	$ 738	$ 988	$ 1,330
Southwestern LIC	10 Yr. Term	$ 398	$ 500	$ 638	$ 880	$ 1,220	$ 1,655
USG Annuity & Life	Vision Term	$ 323	$ 430	$ 588	$ 798	$ 1,423	$ 1,658

Survey period: May 21, 1996 thru May 24, 1996

Life Insurance Update

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

Table 15. Single Premium Life Insurance

Companies	Policy Name (Product Type)	Issue Ages	Initial Credit%	Yield Guar. Period	Surrender Fees Yr 1	Yr 5	Yr 10	Net Cash Value Age 65	Net Death Benefit at Age 65
Amer. Life & Cas.	SPL-2 (UL)	35-85	6.25%	na	10%	6%	1%	$ 233,725	$ 404,814
Amer. Life & Cas.	SPL (UL)	20-75	5.40%	na	10%	6%	1%	$ 253,771	$ 439,533
Golden Rule	Asset-Care (WL)	40-80	6.35%	1 Year	11%	7%	1.5%	$ 265,753	$ 467,725
Midwestern Nat'l	Anyone Perm	0-80	na	na	0%	0%	0%	$ 215,311	$ 460,336
Presidential	Taxbreaker II (UL)	0-80	6.00%	1 Year	7%	4%	0%	$ 320,714	$ 512,423
USG Annuity &Life	Life 3 (UL)	30-85	7.30%	1 Year	9%	5%	0%	$ 235,439	$ 412,019
Western United	Freedom III (WL)	0-80	5.00%	1 Year	10%	7%	2%	$ 265,330	$ 406,842

Survey period: May 21, 1996 thru May 24, 1996

GICs Update

GICs (Guaranteed Interest or Investment Contracts) and GFAs (Guaranteed Funding Agreements) are fixed-income assets offering high rates of return combined with low market volatility. These products are an integral part of many qualified and non-qualified plans' investment portfolios. They provide the highest rates of return and lowest market volatility of any fixed-income asset. GICs are almost exclusively available to only large corporate or institutional buyers, such as pension plans. They are NOT available to individual investors.

GICs are backed by the general account assets of the insurance companies, who in turn employ immunization strategies to match the duration of their assets with their GIC/GFA obligations.

While each GIC/GFA contract is negotiated individually to meet the specific needs of the buyer, the following brief description covers nearly all the different types of GICs currently in use:

(1) Bullet Deposit contracts effectively compete with CDs of similar durations. Bullets provide a current interest rate guarantee on a one-time deposit for a specified maturity period (1 to 10 years). (2) Window or Flexible or Recurring Deposit contracts are similar to bullets except that they provide a current interest rate guarantee which covers all deposits received over a 12-month period. These instruments are attractive for employee contributions in 401(k) plans. (3) Benefit Responsive contracts provide interest accumulation (as with "bullets") and scheduled or non-scheduled withdrawals to meet a plan's or contractholder's cash flow needs. The rates in the GICs table are for Bullet GICs in qualified plan situations and do not permit withdrawals before maturity. They are also quoted net of expenses and with no commission fees.

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

Reporting Companies	Date of Quote	$500,000 Deposit Compound 3 Yr	7 Yr	Simple 3 Yr	7 Yr	$3,000,000 Deposit Compound 3 Yr	7 Yr	Simple 3 Yr	7 Yr
AIG	06/04	6.48%	6.98%	6.44%	6.98%	6.55%	7.03%	6.51%	7.02%
Canada Life	06/04	6.70%	7.09%	6.70%	7.09%	6.83%	7.21%	6.83%	7.21%
Hartford Life	06/04	6.50%	6.98%	6.45%	6.89%	6.50%	6.98%	6.45%	6.89%
John Hancock	06/04	6.61%	7.20%	6.57%	7.12%	6.75%	7.29%	6.71%	7.22%
Principal Mutual	06/04	6.55%	7.32%	6.80%	7.20%	6.70%	7.42%	6.65%	7.30%
Prudential	06/04	-	-	-	-	6.74%	7.36%	6.71%	7.27%
Transamerica	06/04	6.47%	6.94%	6.41%	6.87%	6.55%	6.99%	6.49%	6.92%

Life & Health Guaranty Associations

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

There are many issues, too numerous to describe here, which determine the type and extent of coverage available. You are advised to consult your state insurance department for details about any policy you consider purchasing. Another source of information is the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA, 13873 Park Center Road, Suite 329, Herndon, VA 22071). NOLHGA provided the information summarized below:

LIABILITY LIMITS

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

Aggregate Benefits — This coverage applies to the aggregate benefits for all lines of insurance.
Death Benefits — Maximum liability with respect to any one life.
Cash Values — Maximum liability for cash or withdrawal value of life insurance.
PV of Annuities — Maximum liability for the present value of an annuity contract.

Insurance Company Ratings

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

One way to tilt the odds in your favor is by investing with companies which get high grades from several rating agencies. These rating opinions are based on factors such as ability to pay claims, quality of investments, and ability to withstand economic downturns. The five rating services presented here are A.M. Best's, Standard & Poor's, Moody's, Duff & Phelps, and Weiss Research. Agencies' assessments of the same company may differ. Analysts may disagree, for instance, about how much is too much when it comes to junk bonds, bad mortgages or foreclosed real estate. Keep in mind, too, that most insurance companies farm out some of the risk of their policies to other companies through reinsurance agreements. This is especially true for smaller companies (with assets less than $1 Billion), where reinsurance ceded can be as high as 60% to 80%. When this is the case, a company's rating may not be valid. However, for larger companies, reinsurance only averages about 4% of assets. You may also call or write to your state's department of insurance for information on the solvency of an insurer doing business in your state.

ALPHABETICAL RATINGS

The five rating agencies assign **alphabetical** grades (such as AAA thru F) to the insurance companies they rate. These alphabetical ratings may be confusing when making comparisons. For instance, a company rated "C" by Weiss has merely received an "average" grade. But a "C" from S&P indicates the company is very close to liquidation. In the case of Weiss, an "A+" is the highest rating and assigned to only a few companies. For A.M. Best, an "A+" represents their second highest grade, which was assigned to more than 200 of the companies Best rates. For S&P and Duff & Phelps, an "A+" is the 5th rank from the top and therefore denotes a much weaker standing than it does for either Weiss or Best.

NUMERICAL RANKINGS

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

Distribution of Ratings

A.M.Best			S & P			Moodys			Duff &Phelps			Weiss Research		
Rank	Grade	# Co. 881	Rank	Grade	#Co. 256	Rank	Grade	# Co. 106	Rank	Grade	# Co. 170	Rank	Grade	# Co. 1774
1	(A++)	58	1	(AAA)	64	1	(Aaa)	10	1	(AAA)	51	1	(A+)	13
2	(A+)	169	2	(AA+)	46	2	(Aa1)	5	2	(AA+)	19	2	(A)	17
3	(A)	214	3	(AA)	42	3	(Aa2)	17	3	(AA)	42	3	(A-)	36
4	(A-)	120	4	(AA-)	53	4	(Aa3)	33	4	(AA-)	25	4	(B+)	55
5	(B++)	57	5	(A+)	28	5	(A1)	30	5	(A+)	21	5	(B)	178
6	(B+)	118	6	(A)	6	6	(A2)	12	6	(A)	10	6	(B-)	130
7	(B)	76	7	(A-)	3	7	(A3)	2	7	(A-)	1	7	(C+)	125
8	(B-)	17	8	(BBB+)	2	8	(Baa1)	5	8	(BBB+)	0	8	(C)	243
9	(C++)	11	9	(BBB)	3	9	(Baa2)	2	9	(BBB)	0	9	(C-)	174
10	(C+)	7	10	(BBB-)	2	10	(Baa3)	1	10	(BBB-)	0	10	(D+)	137
11	(C)	11	11	(BB+)	1	11	(Ba1)	1	11	(BB+)	0	11	(D)	223
12	(C-)	3	12	(BB)	1	12	(Ba2)	0	12	(BB)	0	12	(D-)	58
13	(D)	2	13	(BB-)	1	13	(Ba3)	0	13	(BB-)	0	13	(E+)	43
14	(E)	13	14	(B+)	0	14	(B1)	0	14	(B+)	0	14	(E)	43
15	(F)	5	15	(B)	0	15	(B2)	1	15	(B)	0	15	(E-)	3
	(as of 7/95)		16	(B-)	0	16	(B3)	0	16	(B-)	0	16	(F)	27
			17	(CCC)	0	17	(Caa)	2	17	(CCC+)	0	17	(U)	316
			18	(R)	4	18	(Ca)	0	18	(CCC)	1		(as of 9/95)	
				(as of 9/95)		19	(C)	0	19	(CCC-)	0			
							(as of 9/95)			(as of 9/95)				

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's Rating	A.M. Best's Affrm'd	A.M. Best's Trend	Std & Poors Rating	Std & Poors Affrm'd	Std & Poors Trend	Moodys Invest. Rating	Moodys Invest. Affrm'd	Moodys Invest. Trend	Duff & Phelps Rating	Duff & Phelps Affrm'd	Duff & Phelps Trend	Weiss Research Rating	Weiss Research Trend
Acacia Mutual LIC	60038	DC	$ 0.9B	9%	3 (A)			-			-			4 (AA-)	4/96		5 (B)	
Acacia Nat'l Life	85685	VA	$ 0.5B	5%	3 (A)			-			-			4 (AA-)	4/96		8 (C)	
Aetna LI & Ann. Co.	86509	CT	$19.5B	3%	2 (A+)		▼6/95	3 (AA)		▼8/94	3 (Aa2)	11/95		2 (AA+)	7/95		7 (C+)	
Aetna LIC	60054	CT	$47.4B	3%	3 (A)			5 (A+)	9/94		3 (Aa2)		▲12/95	4 (AA-)		▼7/95	9 (C-)	
AID Assoc. Lutherans	56014	WI	$14.1B	6%	1 (A++)			1 (AAA)			3 (Aa2)	11/95		1 (AAA)			-	
AIG LIC.	66842..	DE	$ 3.3B	4%	2 (A+)			1 (AAA)			1 (Aaa)			-			7 (C+)	▲10/95
Alex. Ham. LIC Amer.	88358	MI	$ 7.3B	4%	2 (A+)	10/95		1 (AAA)		▲10/95	4 (Aa3)		▲3/96	1 (AAA)		▲10/95	5 (B)	▲2/96
Allstate LIC	60186	IL	$23.0B	6%	2 (A+)		▲3/96	2 (AA+)	3/95		4 (Aa3)	10/95		-			5 (B)	
Allstate LIC/ NY	70874	NY	$ 1.4B	9%	2 (A+)			-			4 (Aa3)	10/95		-			5 (B)	
Amer. Centurion LAC	77798	NY	$ 0.1B	15%	2 (A+)			-			-			1 (AAA)	12/95		-	
Amer. Enterprise LIC	94234	IN	$ 2.6B	5%	2 (A+)			3 (Aa2)	2/96		3 (Aa2)	2/96		1 (AAA)	12/95		5 (B)	▲11/94
Amer. Family LIC	60399	WI	$ 1.6B	10%	2 (A+)			-			-			-			1 (A+)	
Amer. General LIC	60488	TX	$ 6.0B	21%	1 (A++)			1 (AAA)	3/96		4 (Aa3)	12/94		1 (AAA)	7/95		3 (A-)	▲10/94
Amer. Heritage LIC	60534..	FL	$ 1.0B	12%	3 (A)			9 (BBB)			-			-			3 (A-)	
Amer. Int'l Life/NY	60607	NY	$ 4.6B	4%	2 (A+)			1 (AAA)			1 (Aaa)			-			6 (B-)	▲2/96
Amer. Investors LIC	60631..	KS	$ 2.0B	4%	4 (A-)			-			-			5 (A+)			8 (C)	
Amer. Life/Cas.Ins.	60682..	IA	$ 4.8B	4%	4 (A-)			7 (A-)		▼9/94	11 (Ba1)	11/95		-			9 (C-)	
Amer. LIC	60690	DE	$10.4B	8%	(FPR-8)			1 (AAA)			-			-			5 (B)	▲10/95

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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. Most companies are licensed in all 50 states. Some state guaranty funds only protect policyholders of companies **domiciled** (not just licensed) in that state.

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

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

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

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's Rating	A.M. Best's Affirm'd	A.M. Best's Trend	Std & Poors Rating	Std & Poors Affirm'd	Std & Poors Trend	Moodys Invest. Rating	Moodys Invest. Affirm'd	Moodys Invest. Trend	Duff & Phelps Rating	Duff & Phelps Affirm'd	Duff & Phelps Trend	Weiss Research Rating	Weiss Research Trend
Amer. LIC/ NY	60704	NY	$ 1.3B	5%	2 (A+)			4 (AA-)	5/95	▼12/94	-			2 (AA+)	8/95		5 (B)	
American Maturity	81213	CT	$ 0.2B	98%	2 (A+)			2 (AA+)	11/95		-			2 (AA+)	11/95		-	
Amer. Mayflw LIC/NY	60712	NY	$ 0.8B	6%	2 (A+)			2 (AA+)			4 (Aa3)	12/94		2 (AA+)	8/95		6 (B-)	
Amer. Mutual LIC	61689	IA	$ 3.7B	7%	3 (A)			6 (A)		▼4/95	6 (A2)			4 (AA-)		▲8/95	7(C+)	
Amer. Nat'l Ins.Co.	60739	TX	$ 4.8B	24%	1 (A++)			-			3 (Aa2)			-			5 (B)	
Amer. Skandia L Assur	86630	CT	$ 2.7B	3%	4 (A-)			8 (BBB+)		▲12/94	-			4 (AA-)	12/95		11 (SD)	
American United LIC	60895	IN	$ 6.0B	4%	2 (A+)			4 (AA-)	7/95		5 (A1)	5/93		2 (AA+)	6/95		5 (B)	
Ameritas LI Corp.	61301	NE	$ 1.6B	10%	2 (A+)			3 (AA)	7/95		-			-			2 (A)	
Anchor Nat'l LIC	60941	CA	$ 6.0B	3%	2 (A+)		▲6/95	4 (AA-)	3/96	▼9/95	6 (A2)	3/96		3 (AA)	3/96		8 (C)	
Aurora Nat'l LAC	61182	CA	$ 4.8B	7%	(FPR-6)			-			8 (Baa1)	7/95		5 (A+)		▲7/95	11 (D)	
AUSA LIC	70688	NY	$ 6.0B	3%	3 (A)			2 (AA+)	11/95		4 (Aa3)	9/95		2 (AA+)	11/95		8 (C)	
Bankers Life/Cas. Co.	61263	IL	$ 3.2B	10%	4 (A-)		▼3/96	-			10 (Baa3)	3/96		4 (AA-)	7/95		8 (C)	
Bankers Sec. LI Soc.	61360	NY	$ 0.9B	7%	3 (A)			4 (AA-)		▲3/96	-			3 (AA)	3/96		8 (C)	▼5/96
Bankers Uni. Life Ass.	61387	IA	$ 3.4B	4%	3 (A)			2 (AA+)	5/94		4 (Aa3)	9/95		4 (AA+)	8/95		7 (C+)	
Banner LIC	94250	MD	$ 0.7B	11%	2 (A+)			-			5 (A1)			-			6 (B-)	
Beneficial Std LIC	61417	CA	$ 2.1B	5%	4 (A-)		▼3/96	-			10 (Baa3)		▼3/95	5 (A+)	7/95		8 (C)	
Berkshire LIC	61433	MA	$ 1.1B	5%	2 (A+)			4 (AA-)		▼2/96	-			3 (AA)	9/95		7 (C+)	
Business Mens Assur.	94250	MD	$ 1.6B	10%	3 (A)			3 (AA)	3/96		5 (A1)	2/96		3 (AA)	12/95		4 (B+)	▼5/96
Canada Life Assur.	80659..	CD	$ 19.6B	11%	1 (A++)			2 (AA+)		▼8/95	3 (Aa2)	10/94		1 (AAA)			-	
Canada Life Ins.Co.(NY)	79359	NY	$ 0.2B	5%	1 (A++)			2 (AA+)		▼8/95	-			1 (AAA)	7/95		7 (SC+)	▲1/96
Capitol Bankers LIC	62421	MN	$ 0.4B	8%	4 (A-)			3 (AA)			-			-			8 (C)	
Cen Benefits Nat'l IC	63541	OH	$ 0.4B	52%	4 (A-)			-			-			6 (A)	8/95		-	
Cen Nat LIC/Omaha	61700	NE	$ 1.3B	15%	2(A+)			3 (AA)			-			-			5 (B)	
Century Life of Amer.	65749	IA	$ 2.4B	5%	2 (A+)			-			-			3 (AA)		▲11/95	4 (B+)	▲11/95
Champlain LIC	93637	VT	$ 0.8B	-	-			4 (AA-)			-			3 (AA)			8 (SC)	
Chubb Sovereign LIC	80438..	CA	$ 0.4B	13%	2 (A+)			1 (AAA)			-			-			5 (B)	
Cigna LIC	93629	CT	$ 0.1B	49%	2 (A+)			3 (AA)	10/95		-			1 (AAA)			-	
Colonial LIC of Amer.	62057	NJ	$ 0.7B	15%	3 (A)			1 (AAA)			-			-			5 (B)	▼9/95
Columbus LIC	99937	OH	$ 1.6B	8%	2 (A+)			1 (AAA)			-			1 (AAA)	1/96		5 (B)	

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Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's Rating	A.M. Best's Affrm'd	A.M. Best's Trend	Std & Poors Rating	Std & Poors Affrm'd	Std & Poors Trend	Moodys Invest. Rating	Moodys Invest. Affrm'd	Moodys Invest. Trend	Duff & Phelps Rating	Duff & Phelps Affrm'd	Duff & Phelps Trend	Weiss Research Rating	Weiss Research Affrm'd
Commc'l Un. LIC/Am.	62898..	DE	$ 1.3B	8%	2 (A+)			-			-			4 (AA-)	7/95		4 (B+)	▲1/96
Companion LIC	62243	NY	$ 0.3B	17%	3 (A)			-			-			3 (AA)			5 (B)	
CU Life Ins Co. NY	92665	NY	$ 0.2B	6%	2 (A+)			-			-			4 (AA-)	6/95		7 (SC+)	
Commonwealth LIC	62227	KY	$ 4.7B	5%	2 (A+)			2(AA+)		▼5/95	4 (Aa3)	7/95		2 (AA+)	9/95		7 (C+)	9/95
Conn. General LIC	62308	CT	$ 50.9B	3%	2 (A+)	7/95		3 (AA)	3/96	▼12/94	5 (A1)	2/96		1 (AAA)	6/95		7 (C+)	
Conn Nat'l LIC	93769	CT	$ 0.3B	8%	4 (A-)			-			-			5 (A+)	3/96	▲10/95	9 (SC-)	
Continental Assur. Co.	62413	IL	$ 11.1B	9%	3 (A)		▼5/95	3 (AA)		▼2/96	4 (Aa3)	7/95		3 (AA)		▼6/95	5 (B)	▲9/95
Continental General	71404	NE	$ 0.3B	16%	4 (A-)			-			5 (A1)			1 (AAA)	1/96		5 (B)	
Conn. Mutual LIC	62316	CT	$ 11.7B	5%	3 (A)		▼11/94	5 (AA-)		▼8/95	5 (A1)		▼8/94	4 (AA-)		▼12/94	5 (B)	▲12/94
Constitution LIC	62359	KY	$ 0.5B	9%	5 (B++)			8 (BBB+)			-			5 (A+)			11 (D)	▼7/95
Contin. Western LIC	62510	IA	$ 0.4B	5%	3 (A)			8 (BBB+)			-			3 (AA)			5 (SB)	
Cova Finan. Svcs. LIC	93513..	MO	$ 3.8B	2%	(FPR-7)			6 (A)	1/95		5 (A1)		▲10/95	3 (AA)	1/96		8 (C)	▲10/95
Crown LIC	n/a	CN	$ 8.7B	6%	4 (A-)			8 (BBB+)	3/96	▼9/94	12 (Ba1)		▼8/94	-			-	
CUNA Mutual Ins. Soc.	62626	WI	$ 1.7B	14%	3 (A)			-			-			3 (AA)	11/95		8 (C)	
Delta Life & Ann.	65145..	TN	$ 1.4B	4%	2 (A+)			-			-			5 (A+)		▼6/95	6 (B-)	
Empire LIC	62820..	WA	$ 0.3B	20%	4 (A-)		▲6/95	-			-			4 (AA-)			9 (SC-)	
Empire Gen. LAC	94285	TN	$ 0.5B	98%	2 (A+)			3 (AA)			-			3 (AA)	6/96		9 (SC-)	
Equit.L./IOWA	62979	IA	$ 2.5B	17%	2 (A+)	5/96		3 (AA)	11/95		5 (A1)	5/96	▲11/95	3 (AA)	5/96		5 (B)	
Equit. L. Assur.Soc.	62944	NY	$ 46.9B	4%	3 (A)		▲5/95	4 (AA-)		▲10/95	4 (Aa3)		▲6/96	4(AA-)		▲12/95	9 (C-)	▲9/95
Equit. Variable LIC	81361	NY	$ 11.3B	6%	3 (A)		▲5/95	4 (AA-)		▲10/95	4 (Aa3)		▲6/96	4 (AA-)		▲12/95	9 (C-)	▲9/95
Farmers N. World LIC	63177	WA	$ 3.9B	19%	2 (A+)			-			4 (Aa3)			-			2 (A)	
Federal Home LIC	67695..	IN	$ 2.1B	8%	3 (A)	6/95		-			-			4 (AA-)			6 (B-)	
Fed. Kemper L. Assur.	63207	IL	$ 2.9B	6%	4 (A-)			-			4(Aa3)		▲1/96	3 (AA)		▲1/96	8 (C)	
Fidelity & Guar. LIC	63274..	MD	$ 4.3B	7%	4 (A-)			7 (A-)		▲2/96	8 (Baa1)		▲5/95	6 (A)	5/95		8 (C)	▲1/96
Fidelity Union LIC	92509	TX	$ 0.99B	13%	NA-4			-			-			-			4 (B+)	
Financial Benefit LIC	98213..	FL	$ 0.5B	5%	7 (B)			-			-			-			9 (C-)	
First Alex. Ham. LIC	71510	NY	$ 0.4B	7%	2 (A+)			-			-			1 (AAA)		▲10/95	8 (SC)	
First Colony LIC	63401	VA	$ 7.6B	5%	1 (A++)			2 (AA+)	8/95		4 (Aa3)			2 (AA+)	8/95		5 (B)	
First GNA LIC/NY	72990	NY	$ 1.4B	10%	2 (A+)	12/95		3 (AA)			-			3 (AA)			5 (B)	▲10/95
First Rel. Std. LIC	71005	NY	$ 0.05B	17%	4 (A-)			7 (A-)			-			5(A+)		▼12/95	8 (C)	

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Insurance Company Ratings

Company		State	Admitted	C&S/	A.M. Best's			Std & Poors			Moodys Invest.			Duff & Phelps			Weiss Research	
Legal Name	NAIC#	Dom.	Assets	Assets	Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd	Trend	Rating	Affirm'd
First Safeco Nat'l NY	78417	NY	$ 0.02B	10%	2 (A+)			3 (AA)			3 (Aa2)			-			5 (SB)	▲3/95
First SunAmerica LIC	92495	NY	$ 0.1B	13%	2 (A+)			-			-			-			8 (SC)	
First UNUM LIC	64297	NY	$ 0.7B	14%	2 (A+)			2 (AA+)			3 (Aa2)	10/95		-			4 (B+)	
First Variable LIC	77984	AR	$ 0.4B	7%	4 (A-)			4 (AA-)	6/95		6 (A2)			3 (AA)	2/96		8 (C)	▲3/96
Ford LIC	63576	MI	$ 2.9B	3%	3 (A)			5 (A+)	8/95	▼4/95	6 (A2)	9/94		3 (AA)	11/94		6 (B-)	▼9/95
Fort Dearborn LIC	71129..	IL	$ 0.3B	10%	3 (A)	5/96		-			-			-			5 (B)	▼11/94
Fortis Benefits LIC	70408	MN	$ 3.9B	7%	3 (A)		▼4/96	3 (AA)	11/95		-			-			4 (B+)	▲9/95
Franklin LIC	63622	IL	$ 6.6B	9%	1 (A++)		▲6/96	5 (AA)	3/96	▼4/95	4 (Aa3)			2 (AA+)	7/95	▼4/95	3 (A-)	▼10/95
General American LIC	63665..	MO	$ 8.3B	5%	2 (A+)			4 (AA-)	2/96		5 (A1)	2/95		3 (AA)	1/96		7 (C+)	
General Electric CAP	70025	DE	$ 5.3B	6%	2 (A+)		▲6/95	3 (AA)	3/96		4 (Aa3)	6/95		4 (AA-)	10/94		8 (C)	▲10/95
General Services LIC	63762	IA	$ 0.8B	4%	NA-4			2 (AA+)			-			4 (AA-)			8 (C)	
Glenbrook Life/Annuity	70092	IL	$ 0.1B	91%	2 (A+)			-			4 (Aa3)			-			-	
Globe Life/Accid. IC	91472	DE	$ 0.7B	11%	2 (A+)		▼5/95	2 (AA+)		▼6/95	-			-			5 (B)	▼1/96
Golden America LIC	80942	DE	$ 1.0B	6%	4 (A-)			-			-			5 (A+)		▼8/95	8 (C)	
Golden Rule Ins. Co.	62286..	IL	$ 1.2B	16%	3 (A)		▼5/95	4 (AA-)			-			-			5 (B)	
Grand Pacific LIC	63975	HI	$ 0.2B	4%	6 (B+)			-			-			8 (BBB+)	4/96		9 (SC-)	
Great American LIC	63312..	OH	$ 5.1B	5%	3 (A)			-			10 (Baa3)			4 (AA-)		▲11/95	7 (C+)	
Great Amer. Res. Ins.	64017	TX	$ 2.4B	6%	4 (A-)		▼3/96	-			10 (Baa3)	3/96	▼9/95	5 (A+)	7/95		9 (C-)	
Gr. Nrthrn Insur. Ann.	94366	WA	$ 6.3B	4%	2 (A+)	12/95		3 (AA)			4 (Aa3)			3 (AA)			5 (B)	▲3/95
Great Southern LIC	90212	TX	$ 0.9B	19%	3 (A)			6 (A)			-			-			7 (C+)	
Great-West Life Annuity	68322	CN	$ 14.9B	4%	1 (A++)	5/96		1 (AAA)	4/95		3 (Aa2)	2/96		1 (AAA)	5/96		5 (B)	▲9/95
Guardian LIC of Amer.	64246	NY	$ 9.9B	10%	1 (A++)			1 (AAA)	11/95		1 (Aaa)	11/95		1 (AAA)	10/95		1 (A+)	
Guardian Insur/Annuity	78778	DE	$ 3.8B	3%	1 (A++)			1 (AAA)			1 (Aaa)	10/95		1 (AAA)	10/95		3 (A-)	
Gulf LIC	64270	TN	$ 2.7B	13%	2 (A+)			1 (AAA)			-			-			5 (B)	
Hartford LIC	88072	CT	$ 36.8B	2%	2 (A+)		▼10/95	2 (AA+)	3/96	▼6/95	3 (Aa2)	5/95		2 (AA+)	12/95	▼10/95	4 (B+)	▼9/95
Harvest LIC	79421	OH	$ 0.9%	7%	4 (A-)			-			-			4 (AA-)			7 (C+)	
Horace Mann LIC	64513	IL	$ 2.4B	5%	3 (A)		▼11/95	4 (AA-)			7(A3)	12/95		-			5 (B)	
IDS LIC	65005	MN	$ 29.9B	4%	2 (A+)	4/96		-			3 (Aa2)	2/95		1 (AAA)	12/95		5 (B)	
IDS Life/NY	80594	NY	$ 1.9B	6%	2 (A+)			-			3 (Aa2)			1 (AAA)	12/95		5 (B)	
Indianapolis LIC	64645	IN	$ 1.4B	7%	2 (A+)			4(AA-)	7/95		-			3 (AA)			5 (B)	

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Company		State	Admitted	C&S/	A.M. Best's			Std & Poors			Moodys Invest.			Duff & Phelps			Weiss Research	
Legal Name	NAIC#	Dom.	Assets	Assets	Rating	Affrm'd	Trend	Rating	Affrm'd	Trend	Rating	Affrm'd	Trend	Rating	Affrm'd	Trend	Rating	Affrm'd
Integrity LIC	74780	AZ	$ 1.7B	6%	3 (A)		▲10/95	6 (A)			8 (Baa1)	11/95		5 (A+)	6/96		9 (C-)	▲9/95
Interstate LAC	64807	IA	$ 0.8B	6%	3 (A)			4(AA-)			-			3 (AA)	2/96		6 (B-)	▲2/96
Investors Ins. Corp.	64939..	DE	$ 0.2B	4%	(NA-3)			-			-			-			12 (SD-)	
Investors LIC of NE	86975..	SD	$ 0.3B	12%	2 (A+)			2 (AA+)			-			-			4 (B+)	▲10/95
Jackson Nat'l LIC	65056..	MI	$ 19.0B	5%	3 (A)		▼11/94	3 (AA)	3/96		5 (A1)			3 (AA)	11/95		7 (C+)	▲10/95
Jefferson Nat'l LIC	65064	IN	$ 1.1B	6%	3 (A)			-			-			5 (A+)			8 (C)	
Jefferson-Pilot LIC	67865..	NC	$ 5.4B	18%	1 (A++)	10/95		1 (AAA)			3 (Aa2)	10/95		1 (AAA)	11/95		1 (A+)	
John Alden LIC	65080	MN	$ 4.9B	6%	2 (A+)		▼8/95	7 (BBB+)		▼3/96	7 (A3)	11/95		-			7 (C+)	
John Hancock Mut'l	65099	MA	$46.9B	4%	1 (A++)			2 (AA+)		▼4/95	3 (Aa2)	7/95		1 (AAA)	9/95		5 (B)	
Kansas City LIC	65129..	MO	$ 2.0B	9%	3 (A)			5 (A+)		▼3/94	6 (A2)	11/95		-			5 (B)	
Kemper Investors LIC	90557	IL	$ 6.9B	6%	3 (A)		▲1/96	-			4 (Aa3)		▲2/96	3 (AA)		▲1/96	8 (C)	
KY Home Mutual	65218	KY	$ 0.4B	40%	6(B+)		▼11/95	-			-			8 (A-)		▼5/94	8 (SC)	
Keyport LIC	65234	RI	$ 0.4B	5%	2 (A+)		▲11/94	4 (AA-)			5 (A1)			4 (AA-)	6/95		5 (B)	
Keystone State LIC	90344	PA	$ 0.3B	25%	8 (B-)			-			-			8 (A-)	5/94		9 (SC-)	▲3/95
Knights of Columbus	58033	CT	$ 3.9B	12%	1 (A++)	6/95		1 (AAA)			-			-			-	
Lamar LIC	65250	MS	$ 0.6B	11%	3 (A)			-			-			5 (A+)	6/95		3 (A-)	▼10/95
Lafayette LIC	65242	IN	$ 0.7B	7%	2 (A+)			-			-			4 (AA-)		▼10/95	5 (B)	
Liberty LIC	65323	SC	$ 1.2B	10%	3 (A)			-			-			3 (AA)	2/96		5 (B)	
Liberty Nat'l LIC	65331	AL	$ 2.7B	10%	1 (A++)			2 (AA+)		▼6/95	-			-			4 (B+)	▼9/95
Life Ins.Co./Georgia	65471	GA	$ 2.7B	8%	2 (A+)			3 (AA)		▼2/96	3 (Aa2)	1/96		1 (AAA)	1/96		2 (A)	▲9/95
Life Ins.Co./S'west	65528	TX	$ 1.5B	5%	3 (A)			-			-			4 (AA-)	2/96		5 (B)	
Life Ins.Co./Virginia	65536	VA	$ 7.3B	5%	2 (A+)	12/95		3 (AA)	8/94		4(Aa3)		▲4/96	2 (AA+)	4/95		6 (B-)	▼10/95
Life Investors Ins. Co.	64130	IA	$ 4.2B	9%	2 (A+)			2 (AA+)			4 (Aa3)			2 (AA+)	8/95		6 (B-)	
Life USA Insur. Co.	63339	CO	$ 0.9B	5%	5 (B++)			-			-			-			7 (B+)	
Lincoln Benefit Life	65595	NE	$ 0.2B	61%	2 (A+)			2 (AA+)			4 (Aa3)	5/95		-			6 (B-)	
Lincoln Nat'l LIC	65676	IN	$37.4B	4%	2 (A+)			4 (AA-)	4/95		5 (Aa3)	4/95	▲7/94	2 (AA+)		▼11/95	6 (B-)	
Lincoln Security LIC	61620..	NY	$ 0.2B	3%	2 (A+)			5 (A+)		▼6/95	-			-			6 (SB)	
London LIC	na	CN	$14.5B	9%	1 (A++)			2 (AA+)		▼8/95	3 (Aa2)	5/96		-			-	
Lutheran Brotherhood	57126	MN	$ 1.9B	2%	1 (A++)	6/95		2 (AA+)		▼2/96	3 (Aa2)	12/95		1 (AAA)	10/95		5 (B)	
Manhattan Nat'l	67083	IL	$0.3B	14%	-			-			-			6 (A+)	3/96	▲8/95	7 (C+)	

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Manufacturers LIC	n/a..	CN	$ 29.5B	10%	1 (A++)	9/95		2 (AA+)	8/95	▼10/94	4 (Aa3)	9/95		1 (AAA)	12/95		-	
Mass. General LIC	65900..	MA	$ 1.4B	4%	NA-9			-			-			6 (A+)	7/95		6 (B-)	
Mass. Mutual LIC	65935	MA	$ 35.2B	5%	1 (A++)	2/96		1 (AAA)		▲6/94	2 (Aa1)	2/96		1 (AAA)	9/95		3 (A-)	
Merrill Lynch LIC	79022	AR	$ 11.20B	2%	3 (A)			4 (AA-)			5 (A1)	7/95		-			7 (C+)	
Mega L & Health	97055	OK	$ 0.4B	19%	3(A)			-			-			(A+)	7/95		9 (C-)	
Metropolitan LIC	65978	NY	$ 131.2B	4%	2 (A+)			2 (AA+)	11/95	▼11/94	3 (Aa2)		▼3/96	1 (AAA)	9/94		3 (A-)	
Midland LIC	66036	OH	$ 1.2B	7%	4 (A-)												8 (C)	
Midland Nat'l LIC	66044	SD	$ 2.0B	13%	2 (A+)	3/96		2 (AA+)			-			-			2 (A)	
Ministers Life	66133	MN	$ 0.26B	5%	2 (A+)			-			-			1 (AAA)			7 (SB)	▲10/94
Minnesota Mutual LIC	66168	MN	$ 8.5B	4%	1 (A++)			2 (AA+)	4/95		3 (Aa2)		▼8/95	1 (AAA)	3/96		3 (A-)	▲10/95
Modern Wood./Amer.	57541	IL	$ 2.19B	na	2 (A+)			-			-			3 (AA)		▼11/95	-	
Monumental LIC	66281	MD	$ 3.7B	5%	2 (A+)		▲10/94	2 (AA+)			4 (Aa3)			2 (AA+)	8/95		6 (B-)	
Mutual of Amer. LIC	88668	NY	$ 6.5B	5%	2 (A+)			2 (AA+)	6/95		4 (Aa3)			2 (AA+)	8/95		4 (B+)	
Mutual L. Assurance	81914	CN	$ 16.92		1(A++)			2 (AA+)	8/95		-			-			-	
Mutual LIC.NY (MONY)	66370	NY	$ 11.7B	5%	4 (A-)	6/95		6 (A)		▼1/95	7(A3)		▲5/96	5 (A+)	7/95		10 (D+)	
Mutual Trust LIC	66427	IL	$ 0.7B	7%	3 (A)			4 (AA-)	5/95		-			4 (AA-)	6/95		4 (B+)	
Nat'l Guardian LIC	66583..	WI	$ 0.7B	7%	4 (A-)		▼10/94	-			-			-			1 (A+)	
Nat'l Integrity LIC	75264	NY	$ 0.8B	4%	3 (A)		▲10/95	6 (A)			8 (Baa1)	11/95		5 (A+)	3/95		8 (C)	
National LIC of VT	66680	VT	$5.4B	5%	2 (A+)			4 (AA-)			6(A2)		▼3/96	4 (AA-)	▼5/96		6 (B-)	
Nationwide LIC	66869..	OH	$ 27.5B	4%	2 (A+)	12/95		2 (AA+)		▼3/96	2 (Aa1)	4/96		-			4 (B+)	
New England Mutual L	66893..	MA	$ 15.8B	4%	4 (A-)		▼6/95	5 (A+)	2/95	▼11/94	7 (A3)	8/95		3 (AA)	9/94		6 (B-)	▲10/95
New York LIC	66915	NY	$ 55.3B	6%	1 (A++)			1 (AAA)	5/95		1 (Aaa)	2/95		1 (AAA)	12/95		2 (A)	
N. Amer. Co./L&H	66974	IL	$ 1.7B	8%	3 (A)			-			-			-			8 (C)	
N. Amer. LAC	80756	CN	$6.27B	-	4 (A-)			-			4(Aa3)		▲1/96	-			-	
N Amer. Secur. LIC	90425	DE	$ 4.2B	19%	3 (A)			2 (AA+)		▲1/96	-			1 (AAA)	3/96		7 (C+)	
N. Atlantic LIC/Am.	67024	NY	$ 1.0B	6%	3 (A)			-			-			3 (AA)	6/95		8 (C)	
Northbrook LIC	88528	IL	$2.7B	2%	2 (A+)			2 (AA+)			4 (Aa3)			-			5 (B)	
Northern LIC	87734	WA	$ 4.1B	5%	2 (A+)			4 (AA-)	3/96		5 (A1)	9/94		3 (AA)	5/95		7 (C+)	
N'western Mutual LIC	67091	WI	$48.1B	4%	1 (A++)			1 (AAA)			1 (Aaa)			1 (AAA)			1 (A+)	
N'western Nat'l LIC	67105	MN	$ 4.6B	12%	3 (A)	6/95		5 (A+)	1/95		5 (A1)		▲1/96	3 (AA)	6/95		7 (C+)	

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Ohio Nat'l Life Assur.	89206..	OH	$ 0.6B	10%	2 (A+)			3 (AA)			-			3 (AA)	11/95		5 (B)	
Ohio Nat'l LIC 67172	67172	OH	$ 3.8B	6%	2 (A+)			3 (AA)			5 (A1)	9/94		3 (AA)	1/96		5 (B)	▲2/96
PFL Life Ins Co. 86231	86231	IA	$ 6.1B	5%	3 (A)			2 (AA+)			4 (Aa3)			2 (AA+)			6 (B-)	
Pacific Mutual LIC	67466..	CA	$14.7B	4%	2 (A+)		▲6/95	2 (AA+)	8/94		6 (Aa3)	10/95	▲9/94	2 (AA+)	10/95		4 (B+)	▲3/95
Pan-American LIC	67539	LA	$ 1.8B	10%	3 (A)			-			7 (A3)		▼8/95	5 (A+)		▼4/95	6 (B-)	
Paragon LIC	93564	MO	$ 0.05B	6%	2 (A+)			4 (AA-)			-			3 (AA)	1/96		-	
Paul Revere LIC	67598	MA	$ 3.2B	10%	3 (A)	3/96		4 (AA-)			6 (A2)	12/95		-			6 (B-)	▼10/95
Penn Insur. & Annuity	93262	DE	$0.7B	7%	3 (A)		▼1/95	4 (AA-)	5/95		5 (A1)	12/94	▲7/94	4 (AA-)	6/95		7 (C+)	
Penn Mutual LIC	67644..	PA	$ 6.5B	4%	3 (A)		▼1/95	4 (AA-)	5/95		5 (A1)	12/94	▲7/94	4 (AA-)	6/95		7 (C+)	
Peoples Security LIC	64475	NC	$ 5.4B	5%	2 (A+)			2 (AA+)		▼5/96	4 (Aa3)			2 (AA+)	9/95		6 (B-)	▲8/95
PHF LIC	84808	FL	$ 0.3B	13%	3 (A)			-			-			4 (AA-)			8 (C)	
Philadelphia LIC	97047	PA	$ 1.6B	6%	3 (A)			-			-			6 (A+)	7/95		5 (B)	▲10/95
Phoenix Home Life	67814..	NY	$ 11.7B	5%	3 (A)			3 (AA)		▲11/95	4 (Aa3)	6/95		3 (AA)	6/95		6 (B-)	
Physicians Mutual Ins. Co.	80578	NE	$0.77B	-	2 (A+)			3 (AA)		▲7/95	-			-			-	
Pioneer LIC of IL	68330	IL	$ 0.4B	19%	6 (B+)			9 (BBB)	11/95		-			6 (A)	3/96	▲8/95	8 (C)	
Presidential LIC	68039..	NY	$ 2.0B	8%	4 (A-)		▲11/94	-			12 (Bal)			-			8 (C)	▲10/95
Primerica LIC	65919	MA	$ 2.2B	27%	4 (A-)	4/96		-			4 (Aa3)	12/95		-			5 (B)	
Principal Mutual LIC	61271..	IA	$ 44.1B	4%	2 (A+)		▼3/96	2 (AA+)	2/96		2(Aa1)	8/94		1 (AAA)	7/95		4 (B+)	
Protective LIC	68136	TN	$ 5.4B	5%	2 (A+)			3 (AA)			5 (A1)	1/95		3 (AA)	6/96		5 (B)	
Provident Life/Accid.	68195	TN	$ 12.4B	6%	3 (A)			5 (A+)	1/95	▼10/94	5 (A1)	10/95		4 (AA-)	10/95		6 (B-)	
Provident Mutual LIC	68225..	PA	$ 4.6B	5%	2 (A+)			4 (AA-)	11/94		5 (A1)	12/95		3 (AA)	8/95		6 (B-)	▲7/95
Provident Nat'l Assur.	70866	TN	$ 3.8B	4%	3 (A)			5 (A+)	3/96	▼10/94	5 (A1)	10/95		4 (AA-)	10/95	▼12/94	8 (C)	
Providian L & H IC	66605	MO	$ 8.53B	6%	2 (A+)			2 (AA+)		▲5/96	6 (A2)			3 (AA+)	9/95		3 (B)	
Prudential Ins.Co./Amer	68241	NJ	$ 167.3B	4%	3 (A)		▼5/95	4 (AA-)		▼11/95	4 (Aa3)	8/95	▼4/95	3 (AA)	12/95	▼11/94	6 (B-)	
Reliance Standard LIC	68381..	IL	$ 1.9B	7%	3 (A)			7 (A-)	3/95		-			5 (A+)		▼12/95	8 (C)	
Royal Maccabees LIC	65765	MI	$ 2.0B	6%	5 (B++)			-			-			7 (A-)	11/95	▼4/95	8 (C)	
SMAL A.C.	84824	DE	$ 4.1B	4%	3(A)			-			(A1)	7/95		-			8 (C)	
SAFECO LIC	68608	WA	$ 9.2B	4%	1 (A++)		▲6/95	3 (AA)	3/95		3 (Aa2)	3/95		3 (AA)	4/95		3 (A-)	▲2/96
Savings Bank LI/MA	70435	MA	$ 1.0B	11%	2 (A+)			4 (AA-)			-			3 (AA)	7/95		5 (B)	▲9/95
Secur. Bene. LIC	68675..	KS	$ 4.1B	3%	2 (A+)			4 (AA-)		▼8/95	6(A2)	8/94		4 (AA-)	9/95		7 (C+)	

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Secur. Conn. LIC	91588..	CT	$ 1.4B	8%	2 (A+)			5(A+)		▼6/95	-			-			6 (B-)	▼9/95
Secur. First LIC	61050	DE	$ 1.9B	5%	3 (A)			4 (AA-)			-			-			8 (C)	
Secur. Life Denver	68713	CO	$ 2.9B	8%	2 (A+)			3 (AA)		▼2/96	3 (Aa2)	9/95		1 (AAA)	9/94		2 (A)	▼10/95
Secur. Mut'l LIC/NY	68772..	NY	$ 1.2B	4%	3 (A)	5/95		5 (A+)	3/95		-			5 (A+)		▼9/95	6 (B-)	
State Mutual L Assur.	69140	MA	$ 6.6B	7%	3 (A)			5 (A+)		▼4/95	5 (A1)		▼6/95	3 (AA)	5/95		8 (C)	
Southland LIC	68950	TX	$ 1.2B	13%	2 (A+)			3 (AA)		▼2/96	3(Aa2)	9/95		1 (AAA)	2/95		3 (A-)	
Southwestern LIC	91391..	TX	$1.4B	8%	5 (B++)			10 (B+)			12 (B2)			7 (A-)		▲3/96	12 (D-)	
Standard Insur. Co.	69019..	OR	$ 3.4B	5%	3 (A)			4 (AA-)	11/95	▼4/95	6 (A2)	7/95		4 (AA-)	5/95		5 (B)	
State Farm LIC	69108	IL	$ 18.7B	10%	1 (A++)			1 (AAA)			1 (Aaa)	5/95		1(AAA)	5/96		1 (A+)	
State LIC	69116	IN	$ 0.3B	6%	2 (A+)			4 (AA-)	12/95		-			2 (AA+)	6/95		7 (SC+)	
Sun America LIC	69256	MD	$ 6.5B	10%	2 (A+)		▲6/95	4(AA)	11/95	▼8/95	6 (A2)	11/95		3 (AA)	10/95		6 (B-)	
Sun Life Assur./Canada	n/a	CN	$ 28.1B	14%	1 (A++)			1 (AAA)	5/95		2 (Aa1)	4/95		1 (AAA)	8/95		-	
Sun Life /Canada (US)	79065	DE	$ 10.0B	4%	1 (A++)	5/94		1 (AAA)	1/95		2 (Aa1)	4/95		1 (AAA)	8/95		6 (B-)	▲2/95
Sunset LIC/America	69272	WA	$ 0.4B	12%	3 (A)			5 (A+)		▼4/95	-			-			5 (B)	▼1/96
Teachers I Annuity(T/AA)	69345	NY	$ 73.3B	4%	1 (A++)			1 (AAA)			1 (Aaa)	7/95		1 (AAA)	3/96		4 (B+)	
Time Insur. Co.	69477	WI	$ 1.4B	35%	4 (A-)		▼4/96	6 (A)		▼11/95	-			-			3 (A-)	
TMG LIC (W'tn States)	70491	ND	$ 1.1B	15%	1 (A++)		▲11/94	1 (AAA)			-			-			6 (B-)	
Transam. Life & Ann.	69507..	CA	$ 12.1B	3%	2 (A+)			2 (AA+)	11/94		4 (Aa3)	2/95		2 (AA+)	12/94		5 (B)	
Transam. Occidental	67121	CA	$ 12.9B	7%	2 (A+)			2 (AA+)	11/94		4 (Aa3)	2/95		2 (AA+)	9/95		5 (B)	
Travelers Insur. Co.	87726	CT	$ 31.5B	6%	3 (A)	4/96	▲5/95	5 (A+)	9/95		5 (A1)	11/95	▲9/95	4(AA-)	11/95		7 (C+)	▲10/95
Travelers Life/Annu.	80950	CT	$ 1.7B	13%	3 (A)	4/96	▲5/95	5 (A+)	9/95		-			-			7 (C+)	▲10/95
Union Central LIC	80837	OH	$ 3.8B	5%	3 (A)			5 (A+)			7 (A3)	11/94		5 (A+)	7/95		8 (C)	
United Companies	69876..	LA	$ 1.6B	5%	4 (A-)			-			-			5 (A+)	10/94		6 (B-)	▲9/95
Union Labor LIC	69744	MD	$ 1.9B	6%	5 (B++)			8 (BBB+)	12/94	▲11/94	-			5 (A+)	8/95		10 (D+)	
United Amer. Insur. Co.	92916	DE	$ 0.7B	26%	2 (A+)			2 (AA+)		▼6/95	-			-			3 (A-)	
United Investors LIC	94099	MO	$ 1.4B	9%	2 (A+)		▼5/95	1 (AAA)			-			-			2 (A)	
United of Omaha	69868	NE	$ 6.6B	6%	2 (A+)			3 (AA)			4 (Aa3)	8/95	▼7/95	3 (AA)	7/95		4 (B+)	
United Presidential	70033..	IN	$ 1.0B	7%	4 (A-)			-			-			-			5 (B)	
United Services LIC	70084..	VA	$ 2.2B	5%	3 (A)	6/95		4 (AA-)		▲3/96	-			3 (AA)	2/96		7 (C+)	▲2/96

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UNUM LIC	62235	ME	$ 9.3B	6%	1 (A++)			3 (AA)		▼1/95	2 (Aa2)	3/96	▼4/95	-			5 (B)	
USAA LIC	69663..	TX	$ 5.3B	6%	1 (A++)			1 (AAA)			2 (Aa1)	2/96		-			3 (A-)	
USG Ann.& Life Co.	61247..	OK	$ 5.1B	5%	2 (A+)	5/96		3 (AA)			5 (A1)	5/96		3 (AA)	5/96		6 (B-)	▲9/95
U.S.Life Ins.Co.(NY)	70106	NY	$ 2.44B	7%	2 (A+)			2 (AA+)			5 (A1)	2/96		-			7 (C+)	
Variable Ann. LIC	70238	TX	$ 22.1B	3%	1 (A++)			1 (AAA)			3 (Aa2)	7/95		1 (AAA)			4 (B+)	
WM Life	85952	AZ	$ 0.97B	8.1%	4 (A-)			-			-			-			8 (C)	
William Penn LIC/NY	66230	NY	$ 1.1B	4%	3 (A)			-			5 (A1)			-			5 (B)	
West Coast LIC	70335	CA	$ 0.5B	19%	2 (A+)			-			5 (A1)			-			5 (B)	
Western Nat'l LIC	70432..	TX	$ 8.2B	4%	3 (A)			5 (A+)			6 (A2)	10/95		4 (AA-)	10/95		6 (B-)	▲10/95
W'tern Reserve LAC	91413	OH	$ 2.1B	4%	2 (A+)			2 (AA+)			4 (Aa3)	9/95		2 (AA+)	8/95		6 (B-)	▲10/95
W'tern & Southern LIC	70483	OH	$ 4.1B	16%	1 (A++)									1 (AAA)	1/96		3 (A-)	
W'tern United LAC	77925..	WA	$ 0.8B	5%	6 (B+)			-			-			-			11 (D)	▼9/95
Woodmen of the World	57320	NE	$ 3.0B	-	2 (A+)			3 (AA)			-			-			-	
Zurich Amer. LIC	70661	IL	$ 0.3B	9%	3 (A)			4 (AA-)			4 (Aa3)	3/96		-			8 (C)	

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

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 guarranty 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 merical scale.

Secure Ratings

9,8 .... Strong
7,6 .... Above Average
5 .... Average

Vulnerable Ratings

4 .... Average
3,2 .... Below Average

No Rating Opinion

1 .... Not Assigned

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" companys offer **superior** financial security on both an absolute and relative basis. They possess the highest safety and have an overwhelming capacity to meet policyholder obligations.

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

RATING CATEGORIES

Secure Range:

AAA	Superior financial security. Highest safety.
AA	Excellent financial security. Highly safe.
A	Good financial security. More susceptible to enconomic change than highly rated companies.
BBB	Adequate financial security. More vulnerable to economic changes than highly rated companies.

Vulnerable Range:

BB	Financial security may be adequate, but capacity to meet long-term policies is vulnerable.
B	Vulnerable financial security.
CCC	Extremely vulnerable financial security. Questionable ability to meet obligations unless favorable conditions prevail.
R	Regulatory action. Placed under an order of rehabilitation and liquidation.

S & P ratings for individual companies are available at no charge. Financial reports are $25 each. Write to Standard & Poor's Corporation; 25 Broadway; New York, NY 10004. Or call (212) 208-1527.

Moody's Ratings

Moody's Insurance **Financial Strength Ratings** are opinions of the relative strength or weakness of insurance companies. Specifically, they summarize the likelihood that a company will be able to meet its senior policyholder obligations. Moody's considers both quantitative and qualitative factors in the following areas: product lines, industry competitive positions, markets, distribution systems, organizational structure, earnings trends and profitability, performance and quality of investments, asset/liability management and liquidity, surplus position relative to risk profile and affiliated companies. A very important part of the evaluation is understanding management's philosophy and the company's strategic direction. The rating, therefore, involves judgments about the future and includes assessments on how management and companies will respond to worst case scenarios. Moody's annual fee for a rating is $25,000. (Contact: Moody's Investors Service, 99 Church Street, New York, NY 10007.)

Moody's uses a letter grade scale that ranges from Aaa ("Exceptional") for the highest rating to C ("Lowest") for the least favorable rating (ie., Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C). For classes Aa to B, Moody's adds a numerical modifier, from 1 (at high end of category) to 3 (at the lower end) to indicate the approximate ranking of a company in the particular classification.

Rating Categories

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

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

Duff & Phelps' Ratings

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

The quantitative factors focus on

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

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

Rating Categories

AAA	Highest claims paying ability. Negligible risk.
AA+ AA AA-	Very high claims paying ability. Modest risk.
A+ A A-	High claims paying ability. Variable risk over time.
BBB+ BBB BBB-	Below average claims paying ability.
BB+ BB BB-	Uncertain claims paying ability. Protective factors are subject to change to change with adverse economy.
CCC	Substantial risk regarding claims paying ability. Likely to be placed under state insurance department supervision.

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

Weiss' Ratings

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

The Weiss Safety Index scale ranges from A to F (see details below). Weiss' rating standards are generally more conservative than those used by other agencies. For example, the distribution of 1991 Weiss' ranking found only 2.8% of all companies rated achieved an A grade, 13.6% were rated in the B class, 37.2% at C, 20.2% at D, 4.5% at E, and 3.1% at F. Whereas Weiss' ratings closely followed a bell-shaped distribution, the ratings by Best's, S&P, and Moody's fell predominantly in the A and B classifications alone.

To achieve a top Weiss rating, a company must be adequately prepared to withstand the worst-case scenario, without impairing its current operations. It must also achieve an acceptable level in all five components of the Safety Index rating: equity, investment safety, profitability, leverage, and size. A company that has a very weak investment component but does well in all other categories would still rate poorly. This means that companies rated less than B can remain viable provided the economic environment remains relatively stable. A detailed description of Weiss' rating scale follows below. For further information contact Weiss Research, 4176 Burns Rd., Palm Beach Gardens, FL 33410; by telephone (800) 289-9222 or fax (407) 625-6685.

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

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

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

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

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

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

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

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

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

U **Unrated.** This symbol indicates that a company 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.