

2002 Individual Life and Annuity Expense Study

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Committee on Life Insurance Company Expenses

<u>Committee Chairs</u>	<u>Other Members</u>
Sam Gutterman	Philip Cernanec
Tim Harris	Keith Dall
	John Dark
<u>Expense Study Sub Committee</u>	Armand De Palo
Fred Broers, Co-Chair	Gary Hulet
Sam Gutterman, Co-Chair	Robert Johansen
Mary Bahna-Nolan	Kathy Krozel
Ivan Grabowski	
Steeve Jean	
Joe Kenny	
Leon Langlitz	
Steven Siegel, SoA Research Actuary	
Angela Bonnett, SoA Research Assistant	

Executive Summary

Recognizing an absence of publicly available intercompany individual life insurance and annuity product expense information for benchmarking and other purposes, the Society of Actuaries formed the Committee on Life Insurance Company Expenses (CLICE) to, among other activities, develop and conduct experience studies providing this information. This report documents the results of the Committee's second expense study – the 2002 SOA Individual Life and Annuity Expense Study.

The Committee distributed a call for contributions of expense data from life insurance companies in October 2003. The data request included several revisions from the 2001 request based on feedback received from contributors and Committee suggestions. Over the course of several months, contributions of individual life and annuity expense data were received from 41 U.S. life insurance companies.

Contributors were asked to provide expense data for the following product categories:

- Life insurance – Term, Permanent, Variable, COLI and BOLI. It was thought that these product groups had product or expense characteristics that would result in different unit expenses. For these life insurance products, contributors were further asked to provide acquisition expense detail to the best of their ability broken down by the following distribution channels: Career, Brokerage, PPGA, Multi-Line, Direct Response, Other, and Unallocated (that expense that was not split by channel).
- Annuities – Immediate, Deferred, Variable Immediate and Variable Deferred. For these annuity products, acquisition expense breakdowns were requested for the following distribution channels: Career, Brokerage, PPGA, Stockbroker, Financial Institutions, Other, and Unallocated.

The data received from the contributors were aggregated and unit cost calculations were developed. As part of the aggregation process, a series of data integrity checks were performed and contributors were contacted to resolve missing or anomalous data. The contributed data was then refined over the course of several months.

The exhibits in this report present unit cost calculations for the various product and distribution channels using the ultimately refined data. This report includes several more exhibits than the 2001 study. These additional exhibits are discussed later in the report.

In some instances, there was insufficient data to provide unit cost calculations for particular products and distribution channels. During the review process, it was found that the data provided for the Per Termination calculation was not always submitted on a uniform basis. Given this situation, it was decided to eliminate this separate unit cost calculation from the 2002 study, include this expense in the per policy inforce measure and clarify the data submission instructions for the next study.

In addition, a new unit cost calculation, the Per Policy Index was introduced to provide another tool to more easily compare expenses among contributors. A description of the formulas used to develop each of the unit cost calculations is included with this report. As well, definitions of the averages and other statistics used in the tables are described in Section 5.

Due to variations in expense allocations used by the contributing companies, the variety of companies that contributed, and the limited but growing number of contributors in certain product/channel categories provided, the results should be viewed with caution, particularly in comparing the results of this study with those of the corresponding 2001 study that is included in the report.

As of this writing, the Committee has distributed a request for 2003 data and anticipates the next study will have additional contributors and be further expanded. The Committee expresses its appreciation to all of the contributing companies for their assistance and support of this study. The Committee also expresses its appreciation and thanks to SOA Staff, Steve Siegel and Angela Bonnett, who were responsible for much of the work of producing the study.

Section 1: Description of Data Received from Contributors

Appendix 1 contains a sample data submission form for both life and annuity products. Contributors were asked to provide both expenses and corresponding units. There are two applicable worksheets for each product. Expenses were categorized as either acquisition or non-acquisition. Non-acquisition expenses, except Renewal Commissions, were not requested by distribution channel.

Contributors were also asked to separately include significant non-recurring expenses, if any, with their data. Non-recurring expenses totaled about 0.44% of total expenses for life insurance and 0.36% of total expenses for annuities. Contributors were asked to submit non-recurring expenses only if they were greater than 2% of total expenses for their line of business. The tables in the results section include all non-recurring expenses. No further evaluation was conducted of these expenses.

In all, 41 companies contributed data to the study. One of the contributors to the study provides primarily burial life insurance coverage.

In total, the 2002 data represents \$8.4 B of life insurance expenses, \$40.7 B of life insurance premium, \$6.0 B of annuity expenses and \$70.6 B of annuity premium.

For certain universal life insurance and variable universal life insurance products, dump-ins and excess first year premiums (premiums paid in excess of planned periodic payments, typically compensated more like single premiums) were separately identified. For this study, these were included with single premiums for calculation purposes. The table below presents the total amount of the dump-ins and corresponding dump-in commissions reported by contributors for the applicable life insurance products.

Product	Individual Permanent Life	Individual Variable Life
Dump-ins	\$1.3 B	\$0.7 B
First Year Premiums*	\$3.2 B	\$1.8 B
Dump-in Commissions	\$38 M	\$14 M
First Year Commissions*	\$1.0 B	\$0.5 B

* Includes Dump-ins

Section 2: Data Issues

As part of the data cleansing process, a series of data checks were conducted. There were several problems encountered with the data that required communication with the contributors and/or discussion by the SoA staff that was responsible for compiling the study. Overall, the initial quality of the data improved from the 2001 study. This is, in part, as a result of repeating contributors that have become more familiar with the process and the data requirements. The data issues encountered this year include:

- 1. Missing Units or Expenses for a Given Set of Data** – In some instances, a contributor provided the units and not the expenses or vice versa for a particular product and distribution channel combination. This required one of several remedial actions, depending upon the situation. First, detailed feedback from the contributor was sought. If detailed corrections or adjustments from the contributor were not available, a pro-rata approach for allocating expenses and units was proposed to the contributor for their approval. If a pro-rata solution did not prove to be a reasonable approach, the missing units or expenses were handled on an individual basis and a decision was made on whether or not to retain the data for the study.
- 2. Not Enough Data to Present Detailed Level Results by Product/Distribution Channel** – For some products and distribution channels, an insufficient number of contributors provided data to present detailed level statistics. In these instances, only summary level statistics are shown to maintain confidentiality. Several products/distribution channels that had insufficient data to present any results in last year's study are illustrated this year. Among these are results for products especially designed for the COLI and BOLI markets.
- 3. Wide Company Variation in Unit Costs** – Abnormally high unit costs and wide company variation were observed in several products/distribution channels. This is particularly apparent for Variable products. The primary explanation for this variation is either the recent introduction of a product resulting in much higher initial expenses or a small number of policies. When a valid explanation for the unit costs was obtained from the contributor, the data was retained. Otherwise, the data was eliminated.
- 4. Termination Costs** – A number of contributors did not include the number of claims and/or applicable expenses needed to derive the per termination unit cost. In addition, as the data was being reviewed, it became apparent that contributors were not always providing this information in a consistent manner. As a result, it was decided to eliminate the Per Termination unit cost calculation from this year's study. Instead, termination expenses are included in the Per Policy Inforce calculation. For next year's study, the instructions have been clarified to address the issues that were encountered.
- 5. Premium Tax** – Several companies were unable to provide premium tax figures by the categories requested. Companies that did not provide premium tax information were excluded from these averages.

- 6. Additivity of Unit Cost Factors** – In order to maintain the additivity of the average unit cost factors, adjustments were made to the data when necessary, e.g., when a company did not report any expenses that were related to a particular unit. Adjustments were also required when the number of companies submitting data for a set of unit cost factors was not the same for each of the unit costs. This was handled on a case-by-case basis.

Section 3: Description of Unit Cost Formulas Used

The following formulas were used to develop the unit cost calculations shown in the Section 6 tables and graphs.

Life Products

Acquisition

Per Policy Issued= (Underwriting - All Other + Policy and Contract Issue + 0.5 * Acquisition Overhead + 1/3 * Product Development + 1/3 * Other Acquisition) / (Total Policies/Contracts Issued)

Per 1000 Issued= (Underwriting Inspection Reports + 1/3 * Product Development + 1/3 * Other Acquisition) / (Total Volume Issued)

Percent of First Year Premium= (Sales and Marketing + 1/3 * Product Development + 1/3 * Other Acquisition) / (First Year Premium Collected - 0.9 * UL and VUL Dump-in included in First Year Premium Collected + 0.1 * Single Premium Collected - 0.1 * Paid-Up Additions included in Single Premium Collected)

Per Policy Index= (Sum of the numerators (expenses) for the Per Policy Issued, Per 1000 Issued and Percent of First Year Premium Calculations)/(Total Policies and Contracts Issued)

First Year Commission Percent= (First Year Commissions – Dump-in included in First Year Commissions) / (First Year Premium Collected – UL and VUL Dump-in Included in First Year Premiums)

Single Commission Percent= (UL and VUL Dump-in included in First Year Commissions + Single Commissions) / (UL and VUL Dump-in included in First Year Premium Collected + Single Premium Collected – Paid Up Additions included in Single Premium Collected)

Non Acquisition

Renewal Commission Percent= (Renewal Commissions) / (Renewal Premium)

Per Policy Inforce= (Benefit Department and Claim Settlement Expenses + Policy Owner Services + Significant Non-recurring Expenses + Overhead + Other non-overhead) / (0.5 * (Policies and Contracts - Current Year)+ 0.5 * (Policies and Contracts - Previous Year))

Premium Tax= (Premium Tax and Guar Assoc Assessments) / (First Year Premium Collected + Single Premium Collected + Renewal Premium Collected)

Annuity Products

Acquisition

Per Policy Issued= (Policy and Contract Issue + Acquisition Overhead + 2/3 * Product Development + 2/3 * Other Acquisition) / (Total Policies and Contracts Issued)

Per Policy Index= (Sum of the numerators (expenses) for the Per Policy Issued and Percent of First Year Premium Calculations)/(Total Policies and Contracts Issued)

Percent of First Year/Single Premium= (Sales and Marketing + 1/3 * Product Development + 1/3 * Other Acquisition) / (First Year Premium Collected + Single Premium Collected)

Commission Percent= (First Year Commissions + Single Premium Commissions) / (First Year Premium + Single Premium)

Non Acquisition

Renewal Commission Percent= (Renewal Commissions) / (Renewal Premium)

Per Policy Inforce= (Benefit Department and Claim Settlement Expenses + Policyowner Services + Significant Non-recurring Expenses + Overhead + Other non-overhead) / (0.5 * (Policies and Contracts - Current Year) + 0.5 * (Policies and Contracts - Previous Year))

Premium Tax= (Premium Tax and Guar Assoc Assessments) / (First Year Premium Collected + Single Premium Collected + Renewal Premium Collected)

Section 4: List of Participating Companies

The Committee on Life Insurance Company Expenses gratefully acknowledges the participation of the following companies. Their support of this study and assistance proved invaluable in its completion.

Participating Companies

AAA Life Insurance Company	Lafayette Life Insurance Company
AEGON USA	Lincoln National Corporation
Allianz Life Insurance Company	Mass Mutual Financial Services
Allstate Financial	MetLife
American Family Life Insurance Company	Modern Woodmen of America
American United Life	Motorists Life Insurance Company
Assurity Life Insurance Company	Mutual of Omaha
Country Insurance and Financial Services	Nationwide Financial
Empire General Life Assurance Corporation	Northwestern Mutual
Farm Bureau Life Insurance Company of Missouri	Old American Insurance Company
Farm Family Life Insurance Company	Protective Life Insurance Company
Farmers New World Life Insurance Company	Prudential Financial
Fidelity Investments Life Insurance Company	Safeco Life Insurance Company
Guardian Life Insurance Company	Shenandoah Life Insurance Company
Hartford Life Insurance Company	Sons of Norway
Horace Mann Life Insurance Company	Southern Farm Bureau Life Insurance Company
Illinois Mutual Life	Standard Insurance Company
Jackson National Life Insurance Company	State Farm Life Insurance
Jefferson Pilot Financial	Sunset Life Insurance Corporation of America
John Hancock Financial Services	Woodmen Accident
Kansas City Life Insurance Company	

Section 5: Explanatory Notes for the Results Tables and Graphs

Unit Cost Statistics

The following are definitions of the five statistics shown for the unit cost calculations that appear in the results tables and graphs:

1. Weighted Average – (The sum of applicable expenses of all contributors for a given product-distribution channel)/(The sum of applicable units for all contributors for a given product-distribution channel)
2. Unweighted Average – (The sum of all contributors' individual unit cost calculations for a given product-distribution channel)/(Number of contributors)
3. Median – The median unit cost of all contributors for a given product-distribution channel.
4. 25th Percentile – The 25th percentile unit cost of all contributors for a given product-distribution channel.
5. 75th Percentile – The 75th percentile unit cost of all contributors for a given product-distribution channel.

Note that the 25th Percentile and 75th Percentile are only shown if at least 7 companies provided data for a given product-distribution channel. If a Percentile did not represent a particular company, the average of the two adjoining company results was used.

Definition of Company Size

For the results tables and graphs categorized by company size, below are definitions for small, medium and large contributors for both life and annuity products. Note that size is defined as the total premium for either *all* life products or *all* annuity products. As a result for example, if a company had a large life insurance portfolio comprised of only a very small amount of variable life insurance inforce, then that variable life business would still be included in the large company category. The size ranges were chosen to produce roughly the same number of contributors in the small, medium and large categories. In addition, it is possible, based on the size definitions, that not all size categories are represented for a given individual product.

Life

Small: <\$100 million in premium for all life products
Medium: \$100 million - \$1 billion in premium for all life products
Large: >\$1 billion in premium for all life products

Annuity

Small: <\$150 million in premium for all annuity products
Medium: \$150 million - \$1 billion in premium for all annuity products

Large: > \$1 billion in premium for all annuity products

Comparison of 2001 and 2002 Results

The graphs comparing 2001 and 2002 results are based only on companies that appeared in both the 2001 and 2002 studies. This was done to eliminate the variation that would be caused by a change in company mix.

Caveat

Due to variations in expense allocations used by the contributing companies, the variety of companies that contributed, and the limited number of contributors in certain categories provided, the results should be viewed with caution.

Section 6: Results Tables and Graphs

List of Tables and Graphs

Life Products

Tables 1-5 - Individual Life Products by Distribution Channel

Table 1 – Term Life

Table 2 – Permanent Life

Table 3 – COLI Life

Table 4 – BOLI Life

Table 5 – Variable Life

Table 6 – Summary of Weighted Averages for All Individual Life Products

Tables 7-11 – Individual Life Products Categorized by Size

Table 7 – Term Life

Table 8 – Permanent Life

Table 9 – COLI Life

Table 10 – BOLI Life

Table 11 – Variable Life

Graphs 1-5 - Life Products Unit Costs Comparison by Product and Company Size

Graph 1 – Per Policy Index

Graph 2 – First Year Commission Percent

Graph 3 – Single Premium Commission Percent

Graph 4 - Per Policy Inforce

Graph 5 – Renewal Commission Percent

Graphs 6-10 - Life Products – Comparison of 2001 and 2002 Unit Costs for Companies Contributing in Both 2001 and 2002

Graph 6 – Per Policy Index

Graph 7 – First Year Commission Percent

Graph 8 – Single Premium Commission Percent

Graph 9 - Per Policy Inforce

Graph 10 – Renewal Commission Percent

Annuity Products

Tables 12-15 - Individual Annuity Products by Distribution Channel

Table 12 – Fixed Deferred

Table 13 – Fixed Immediate

Table 14 – Variable Deferred

Table 15 – Variable Immediate

Table 16 – Summary of Weighted Averages for All Individual Life Products

Tables 17-20 – Individual Annuity Products Categorized by Size

Table 17 – Fixed Deferred

Annuity Products (cont.)

Table 18 – Fixed Immediate

Table 19 – Variable Deferred

Table 20 – Variable Immediate

Graphs 11-14 - Annuity Products Unit Costs Comparison by Product and Company Size

Graph 11 – Per Policy Index

Graph 12 – First Year/Single Premium Commission Percent

Graph 13 - Per Policy Inforce

Graph 14 – Renewal Commission Percent

Graphs 15-18 – Annuity Products – Comparison of 2001 and 2002 Unit Costs for Companies Contributing in Both 2001 and 2002

Graph 15 – Per Policy Index

Graph 16 – First Year/ Single Premium Commission Percent

Graph 17 – Per Policy Inforce

Graph 18 - Renewal Commission Percent

2002 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 1

Term Life Insurance

CAREER

Number of Companies = 16

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$206	\$0.28	48.6%	\$660	51.0%	NA	4.5%
Unweighted Average	\$186	\$0.51	48.8%	\$652	63.1%	NA	4.4%
Median	\$141	\$0.50	53.8%	\$668	63.1%	NA	3.9%
25th Percentile	\$34	\$0.23	22.1%	\$324	52.5%	NA	2.4%
75th Percentile	\$255	\$0.59	70.4%	\$862	75.8%	NA	6.2%

BROKERAGE

Number of Companies = 12

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$164	\$0.45	36.5%	\$753	94.7%	NA	2.3%
Unweighted Average	\$250	\$0.63	33.3%	\$946	86.1%	NA	3.4%
Median	\$193	\$0.60	43.1%	\$819	94.2%	NA	4.1%
25th Percentile	\$113	\$0.18	11.7%	\$672	66.1%	NA	1.7%
75th Percentile	\$248	\$0.91	47.7%	\$1,265	107.4%	NA	5.1%

PPGA

Number of Companies = 6

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$198	\$0.37	28.5%	\$548	102.9%	NA	3.8%
Unweighted Average	\$188	\$0.79	41.2%	\$561	96.2%	NA	5.0%
Median	\$187	\$0.44	41.7%	\$646	98.0%	NA	4.5%

MULTI-LINE

Number of Companies = 6

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$92	\$0.70	26.9%	\$307	52.2%	NA	4.7%
Unweighted Average	\$146	\$0.86	32.8%	\$494	56.7%	NA	4.8%
Median	\$144	\$0.84	31.8%	\$456	53.2%	NA	4.7%

DIRECT RESPONSE

Number of Companies = 4

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$206	\$0.62	73.7%	\$738	42.4%	NA	0.0%
Unweighted Average	\$197	\$0.86	63.4%	\$651	37.2%	NA	0.6%
Median	\$210	\$0.65	69.3%	\$775	14.6%	NA	0.0%

TOTAL

Number of Companies = 35

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$152	\$0.44	37.0%	\$511	66.1%	NA	3.6%
Unweighted Average	\$185	\$0.61	41.1%	\$610	73.6%	NA	4.3%
Median	\$156	\$0.56	43.2%	\$632	75.4%	NA	4.0%
25th Percentile	\$98	\$0.23	17.4%	\$393	54.8%	NA	2.3%
75th Percentile	\$243	\$0.80	56.4%	\$742	91.5%	NA	5.2%

2002 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 1

Term Life Insurance

TOTAL

Number of Companies = 35

Non-Acquisition - All Distribution Systems Combined				
	Per Policy Inforce	Premium Tax as Percent of Premium	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$64	1.8%	\$309	\$206
Unweighted Average	\$105	2.1%	\$342	\$211
Median	\$63	1.9%	\$287	\$190
25th Percentile	\$42	1.7%	\$201	\$136
75th Percentile	\$118	2.3%	\$425	\$271

Note: Please see accompanying report for complete description of the tables and calculations.

2002 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 2

Permanent Life Insurance

CAREER

Number of Companies = 17

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$159	\$0.56	34.8%	\$1,210	44.2%	2.7%	3.4%
Unweighted Average	\$201	\$1.25	51.2%	\$1,541	66.6%	3.3%	3.4%
Median	\$120	\$0.91	48.6%	\$887	66.6%	3.0%	3.1%
25th Percentile	\$89	\$0.62	21.9%	\$344	45.8%	1.7%	2.2%
75th Percentile	\$265	\$1.60	81.9%	\$1,836	88.2%	4.2%	4.5%

BROKERAGE

Number of Companies = 12

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$118	\$0.71	28.0%	\$1,042	67.3%	2.7%	2.8%
Unweighted Average	\$306	\$1.74	30.8%	\$5,533	74.5%	5.1%	4.5%
Median	\$240	\$0.98	19.7%	\$1,971	63.1%	3.4%	4.1%
25th Percentile	\$90	\$0.45	14.3%	\$535	47.7%	2.7%	3.0%
75th Percentile	\$441	\$2.99	46.0%	\$5,539	104.4%	5.1%	5.3%

PPGA

Number of Companies = 7

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$333	\$0.96	14.5%	\$1,070	78.1%	3.2%	3.5%
Unweighted Average	\$382	\$1.59	40.0%	\$1,304	88.0%	3.4%	4.3%
Median	\$359	\$1.15	16.9%	\$1,108	86.8%	3.2%	3.8%
25th Percentile	\$272	\$0.92	12.9%	\$646	78.3%	2.5%	2.8%
75th Percentile	\$415	\$2.07	57.4%	\$1,922	99.5%	5.0%	3.9%

MULTI-LINE

Number of Companies = 6

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$98	\$1.20	21.8%	\$280	53.0%	1.8%	4.3%
Unweighted Average	\$157	\$3.12	30.2%	\$479	68.1%	2.8%	5.0%
Median	\$128	\$1.17	31.4%	\$388	63.9%	3.5%	5.0%

TOTAL

Number of Companies = 36

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$124	\$0.74	27.1%	\$709	50.7%	3.1%	3.6%
Unweighted Average	\$227	\$1.70	36.5%	\$1,229	71.9%	4.0%	4.2%
Median	\$205	\$1.01	32.0%	\$757	62.9%	3.7%	4.0%
25th Percentile	\$91	\$0.69	16.6%	\$326	47.2%	2.5%	2.5%
75th Percentile	\$290	\$2.30	49.6%	\$1,371	94.3%	5.0%	5.1%

2002 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 2

Permanent Life Insurance

TOTAL

Number of Companies = 36

Non-Acquisition - All Distribution Systems Combined				
	Per Policy Inforce	Premium Tax as Percent of Premium	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$55	1.2%	\$113	\$48
Unweighted Average	\$150	1.9%	\$141	\$66
Median	\$59	1.7%	\$86	\$42
25th Percentile	\$43	1.4%	\$46	\$31
75th Percentile	\$89	2.5%	\$171	\$86

Note: Please see accompanying report for complete description of the tables and calculations.

2002 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 3

COLI Life Insurance

TOTAL

Number of Companies = 3

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$194	\$0.10	3.7%	\$2,781	9.3%	0.7%	6.4%
Unweighted Average	\$175	\$0.10	4.5%	\$2,577	10.1%	0.7%	6.5%
Median	\$142	\$0.09	1.9%	\$1,613	8.9%	0.7%	7.4%

TOTAL

Number of Companies = 3

Non-Acquisition - All Distribution Systems Combined				
	Per Policy Inforce	Premium Tax as Percent of Premium	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$290	1.4%	\$804	\$935
Unweighted Average	\$288	1.7%	\$791	\$919
Median	\$331	1.7%	\$778	\$927

Note: Please see accompanying report for complete description of the tables and calculations.

2002 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 4

BOLI Life Insurance

TOTAL

Number of Companies = 6

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$133	\$0.12	12.7%	\$1,734	32.8%	3.3%	NA
Unweighted Average	\$258	\$0.20	28.0%	\$4,935	32.8%	3.0%	NA
Median	\$237	\$0.08	18.0%	\$3,631	32.8%	3.0%	NA

TOTAL

Number of Companies = 6

Non-Acquisition - All Distribution Systems Combined				
	Per Policy Inforce	Premium Tax as Percent of Premium	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$42	0.7%	\$659	\$353
Unweighted Average	\$121	1.4%	\$638	\$417
Median	\$67	1.6%	\$496	\$411

Note: Please see accompanying report for complete description of the tables and calculations.

2002 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 5

Variable Life Insurance

CAREER

Number of Companies = 10

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$510	\$0.98	56.7%	\$3,213	42.2%	2.4%	3.4%
Unweighted Average	\$503	\$1.25	64.0%	\$3,215	52.4%	3.6%	4.5%
Median	\$386	\$1.17	71.2%	\$3,265	54.2%	3.2%	4.8%
25th Percentile	\$261	\$0.62	63.6%	\$2,590	37.1%	2.1%	3.5%
75th Percentile	\$495	\$1.94	81.9%	\$4,369	60.6%	4.4%	5.2%

BROKERAGE

Number of Companies = 8

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$358	\$0.23	11.4%	\$1,855	41.3%	1.1%	4.8%
Unweighted Average	\$386	\$0.57	27.5%	\$4,403	54.4%	2.2%	4.6%
Median	\$333	\$0.20	12.7%	\$3,171	46.0%	1.9%	4.0%
25th Percentile	\$168	\$0.14	11.3%	\$1,151	26.9%	1.2%	3.6%
75th Percentile	\$642	\$0.67	43.9%	\$7,007	70.1%	3.4%	5.0%

MULTI-LINE

Number of Companies = 4

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$378	\$1.03	19.2%	\$1,009	27.1%	3.8%	5.3%
Unweighted Average	\$3,049	\$0.96	1261.1%	\$8,658	28.7%	3.9%	6.2%
Median	\$593	\$0.87	29.7%	\$1,371	24.1%	3.9%	6.5%

TOTAL

Number of Companies = 19

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$464	\$0.59	22.9%	\$2,631	38.1%	2.0%	4.4%
Unweighted Average	\$1,017	\$0.97	314.2%	\$4,148	47.9%	3.3%	4.8%
Median	\$424	\$0.66	37.4%	\$2,840	44.9%	3.4%	4.7%
25th Percentile	\$244	\$0.41	12.8%	\$1,453	26.6%	1.9%	3.4%
75th Percentile	\$779	\$1.55	70.8%	\$3,825	58.5%	4.3%	5.3%

TOTAL

Number of Companies = 19

Non-Acquisition - All Distribution Systems Combined				
	Per Policy Inforce	Premium Tax as Percent of Premium	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$163	1.8%	\$359	\$176
Unweighted Average	\$5,650	2.4%	\$351	\$258
Median	\$287	1.9%	\$299	\$243
25th Percentile	\$192	1.6%	\$230	\$181
75th Percentile	\$611	2.4%	\$398	\$310

Note: Please see accompanying report for complete description of the tables and calculations.

2002 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY
Table 6- WEIGHTED AVERAGES -- INDIVIDUAL LIFE PRODUCTS

CAREER

	Number of Companies	Acquisition				Commission Percent		
		Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Term Life	16	\$206	\$0.28	48.6%	\$660	51.0%	NA	4.5%
Permanent Life	17	\$159	\$0.56	34.8%	\$1,210	44.2%	2.7%	3.4%
Variable Life	10	\$510	\$0.98	56.7%	\$3,213	42.2%	2.4%	3.4%
TOTAL	17	\$211	\$0.41	40.8%	\$1,134	44.5%	2.7%	3.5%

BROKERAGE

	Number of Companies	Acquisition				Commission Percent		
		Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Term Life	12	\$164	\$0.45	36.5%	\$753	94.7%	NA	2.3%
Permanent Life	12	\$118	\$0.71	28.0%	\$1,042	67.3%	2.7%	2.8%
Variable Life	8	\$358	\$0.23	11.4%	\$1,855	41.3%	1.1%	4.8%
TOTAL	14	\$166	\$0.46	18.3%	\$991	49.9%	2.2%	3.6%

PPGA

	Number of Companies	Acquisition				Commission Percent		
		Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Term Life	6	\$198	\$0.37	28.5%	\$548	102.9%	NA	3.8%
Permanent Life	7	\$333	\$0.96	14.5%	\$1,070	78.1%	3.2%	3.5%
TOTAL	7	\$270	\$0.54	22.5%	\$973	88.1%	3.7%	3.8%

MULTI-LINE

	Number of Companies	Acquisition				Commission Percent		
		Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Term Life	6	\$92	\$0.70	26.9%	\$307	52.2%	NA	4.7%
Permanent Life	6	\$98	\$1.20	21.8%	\$280	53.0%	1.8%	4.3%
Variable Life	4	\$378	\$1.03	19.2%	\$1,009	27.1%	3.8%	5.3%
TOTAL	7	\$100	\$0.81	23.7%	\$310	50.1%	2.2%	4.5%

DIRECT RESPONSE

	Number of Companies	Acquisition				Commission Percent		
		Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Term Life	4	\$206	\$0.62	73.7%	\$738	42.4%	NA	0.0%
TOTAL	4	\$59	\$0.61	91.6%	\$391	19.0%	NA	0.3%

2002 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY
Table 6- WEIGHTED AVERAGES -- INDIVIDUAL LIFE PRODUCTS

TOTAL

	Number of Companies	Acquisition				Commission Percent		
		Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Term Life	35	\$152	\$0.44	37.0%	\$511	66.1%	NA	3.6%
Permanent Life	36	\$124	\$0.74	27.1%	\$709	50.7%	3.1%	3.6%
COLI Life	3	\$194	\$0.10	3.7%	\$2,781	9.3%	0.7%	6.4%
BOLI Life	6	\$133	\$0.12	12.7%	\$1,734	32.8%	3.3%	NA
Variable Life	19	\$464	\$0.59	22.9%	\$2,631	38.1%	2.0%	4.4%
TOTAL	38	\$157	\$0.52	25.4%	\$724	46.2%	2.9%	3.8%

TOTAL

	Number of Companies	Non-Acquisition - All Distribution Systems Combined			
		Per Policy Inforce	Premium Tax as Percent of Premium	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Term Life	35	\$64	1.8%	\$309	\$206
Permanent Life	36	\$55	1.2%	\$113	\$48
COLI Life	3	\$290	1.4%	\$804	\$935
BOLI Life	6	\$42	0.7%	\$659	\$353
Variable Life	19	\$163	1.8%	\$359	\$176
TOTAL	38	\$64	1.4%	\$227	\$88

Note: Please see accompanying report for complete description of the tables and calculations.

2002 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 7

Term Life Insurance

SMALL

Number of Companies = 11

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$166	\$0.61	33.3%	\$469	87.7%	NA	4.5%
Unweighted Average	\$194	\$0.85	45.2%	\$580	86.8%	NA	5.1%
Median	\$166	\$0.71	49.5%	\$653	86.3%	NA	4.8%
25th Percentile	\$134	\$0.42	30.3%	\$378	77.4%	NA	3.9%
75th Percentile	\$252	\$1.09	55.7%	\$728	92.0%	NA	5.8%

SMALL

Number of Companies = 11

Non-Acquisition - All Distribution Systems Combined				
	Per Policy Inforce	Premium Tax as Percent of Premium	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$102	1.8%	\$237	\$185
Unweighted Average	\$154	2.2%	\$228	\$174
Median	\$74	1.8%	\$175	\$141
25th Percentile	\$53	1.6%	\$149	\$132
75th Percentile	\$133	1.9%	\$280	\$188

MEDIUM

Number of Companies = 14

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$148	\$0.59	32.9%	\$565	79.1%	NA	3.5%
Unweighted Average	\$122	\$0.60	38.9%	\$534	73.2%	NA	4.6%
Median	\$127	\$0.57	32.2%	\$503	72.8%	NA	3.7%
25th Percentile	\$82	\$0.52	16.4%	\$425	54.0%	NA	2.7%
75th Percentile	\$161	\$0.79	48.1%	\$686	89.4%	NA	6.1%

MEDIUM

Number of Companies = 14

Non-Acquisition - All Distribution Systems Combined				
	Per Policy Inforce	Premium Tax as Percent of Premium	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$60	2.0%	\$310	\$191
Unweighted Average	\$80	2.1%	\$324	\$190
Median	\$61	1.9%	\$281	\$179
25th Percentile	\$40	1.8%	\$236	\$136
75th Percentile	\$78	2.5%	\$348	\$224

LARGE

Number of Companies = 10

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$153	\$0.37	39.4%	\$489	58.1%	NA	3.6%
Unweighted Average	\$261	\$0.35	39.5%	\$748	61.0%	NA	3.0%
Median	\$242	\$0.26	28.5%	\$753	55.5%	NA	2.3%
25th Percentile	\$112	\$0.22	20.3%	\$403	42.8%	NA	1.3%
75th Percentile	\$329	\$0.42	64.0%	\$919	77.5%	NA	4.6%

2002 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 7

Term Life Insurance

LARGE

Number of Companies = 10

Non-Acquisition - All Distribution Systems Combined				
	Per Policy Inforce	Premium Tax as Percent of Premium	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$65	1.7%	\$312	\$213
Unweighted Average	\$82	1.8%	\$493	\$279
Median	\$64	1.8%	\$510	\$287
25th Percentile	\$34	1.7%	\$421	\$196
75th Percentile	\$117	2.0%	\$530	\$361

2002 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 8

Permanent Life Insurance

SMALL

Number of Companies = 12

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$91	\$1.27	26.4%	\$305	104.0%	10.0%	4.6%
Unweighted Average	\$219	\$1.79	37.0%	\$765	94.0%	5.2%	5.1%
Median	\$178	\$1.39	41.7%	\$583	91.6%	3.9%	4.8%
25th Percentile	\$64	\$1.07	17.1%	\$210	79.5%	3.3%	3.9%
75th Percentile	\$264	\$2.65	50.3%	\$847	112.4%	5.6%	5.9%

SMALL

Number of Companies = 12

Non-Acquisition - All Distribution Systems Combined				
	Per Policy Inforce	Premium Tax as Percent of Premium	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$68	1.5%	\$38	\$40
Unweighted Average	\$287	2.3%	\$62	\$41
Median	\$73	1.6%	\$61	\$36
25th Percentile	\$55	1.4%	\$39	\$31
75th Percentile	\$90	2.5%	\$88	\$53

MEDIUM

Number of Companies = 14

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$81	\$1.21	41.8%	\$463	56.1%	1.9%	3.7%
Unweighted Average	\$217	\$2.37	38.5%	\$893	70.2%	3.7%	4.1%
Median	\$174	\$1.40	31.4%	\$558	62.9%	3.9%	4.0%
25th Percentile	\$96	\$0.94	15.8%	\$361	47.8%	2.4%	2.6%
75th Percentile	\$313	\$2.65	48.1%	\$1,211	87.7%	5.0%	5.0%

MEDIUM

Number of Companies = 14

Non-Acquisition - All Distribution Systems Combined				
	Per Policy Inforce	Premium Tax as Percent of Premium	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$45	1.6%	\$54	\$42
Unweighted Average	\$76	1.9%	\$96	\$69
Median	\$50	1.9%	\$71	\$39
25th Percentile	\$41	1.5%	\$48	\$31
75th Percentile	\$69	2.6%	\$108	\$80

LARGE

Number of Companies = 10

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$150	\$0.64	24.7%	\$892	48.2%	3.1%	3.5%
Unweighted Average	\$252	\$0.64	32.6%	\$2,257	47.6%	2.9%	3.2%
Median	\$246	\$0.68	20.1%	\$1,086	46.3%	3.0%	2.9%
25th Percentile	\$110	\$0.41	16.2%	\$826	44.6%	2.3%	2.2%
75th Percentile	\$292	\$0.75	50.3%	\$1,924	50.7%	3.4%	4.4%

2002 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 8

Permanent Life Insurance

LARGE

Number of Companies = 10

Non-Acquisition - All Distribution Systems Combined				
	Per Policy Inforce	Premium Tax as Percent of Premium	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$57	1.1%	\$153	\$50
Unweighted Average	\$80	1.6%	\$299	\$91
Median	\$70	1.7%	\$231	\$96
25th Percentile	\$45	1.0%	\$171	\$49
75th Percentile	\$88	2.0%	\$413	\$115

2002 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 9

COLI Life Insurance

LARGE

Number of Companies = 3

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$194	\$0.10	3.7%	\$2,781	9.3%	0.7%	6.4%
Unweighted Average	\$175	\$0.10	4.5%	\$2,577	10.1%	0.7%	6.5%
Median	\$142	\$0.09	1.9%	\$1,613	8.9%	0.7%	7.4%

LARGE

Number of Companies = 3

Non-Acquisition - All Distribution Systems Combined				
	Per Policy Inforce	Premium Tax as Percent of Premium	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$290	1.4%	\$804	\$935
Unweighted Average	\$288	1.7%	\$791	\$919
Median	\$331	1.7%	\$778	\$927

Note: Please see accompanying report for complete description of the tables and calculations.

2002 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 10

BOLI Life Insurance

LARGE

Number of Companies = 6

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$118	\$0.06	10.8%	\$1,342	32.8%	3.0%	NA
Unweighted Average	\$264	\$0.07	30.0%	\$5,042	32.8%	2.6%	NA
Median	\$192	\$0.08	9.8%	\$1,960	32.8%	2.6%	NA

LARGE

Number of Companies = 6

Non-Acquisition - All Distribution Systems Combined				
	Per Policy Inforce	Premium Tax as Percent of Premium	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$42	0.7%	\$659	\$353
Unweighted Average	\$139	1.5%	\$638	\$417
Median	\$102	1.8%	\$496	\$411

Note: Please see accompanying report for complete description of the tables and calculations.

2002 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 11

Variable Life Insurance

MEDIUM

Number of Companies = 7

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$350	\$0.98	34.1%	\$1,806	37.4%	5.3%	5.0%
Unweighted Average	\$1,929	\$1.22	752.9%	\$6,639	45.8%	4.5%	5.0%
Median	\$440	\$1.05	69.7%	\$2,840	44.9%	4.3%	5.0%
25th Percentile	\$199	\$0.82	31.4%	\$1,729	29.4%	3.8%	4.8%
75th Percentile	\$828	\$1.67	79.9%	\$4,027	55.9%	4.9%	5.1%

MEDIUM

Number of Companies = 7

Non-Acquisition - All Distribution Systems Combined				
	Per Policy Inforce	Premium Tax as Percent of Premium	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$543	2.1%	\$191	\$226
Unweighted Average	\$16,340	3.6%	\$232	\$194
Median	\$516	2.2%	\$248	\$219
25th Percentile	\$319	1.9%	\$185	\$169
75th Percentile	\$3,751	2.7%	\$272	\$255

LARGE

Number of Companies = 11

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$477	\$0.57	22.3%	\$2,725	38.1%	2.0%	4.4%
Unweighted Average	\$472	\$0.75	28.8%	\$2,584	47.9%	2.6%	4.9%
Median	\$413	\$0.44	19.7%	\$2,555	33.7%	2.4%	4.6%
25th Percentile	\$268	\$0.37	10.8%	\$1,386	26.6%	1.6%	3.2%
75th Percentile	\$674	\$0.85	38.9%	\$3,642	55.2%	3.4%	6.4%

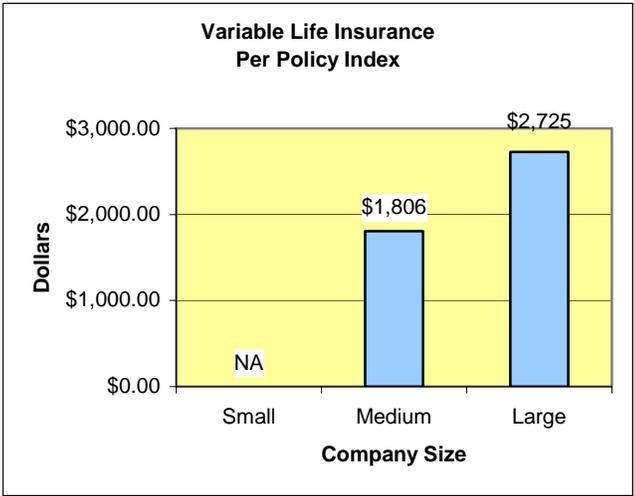
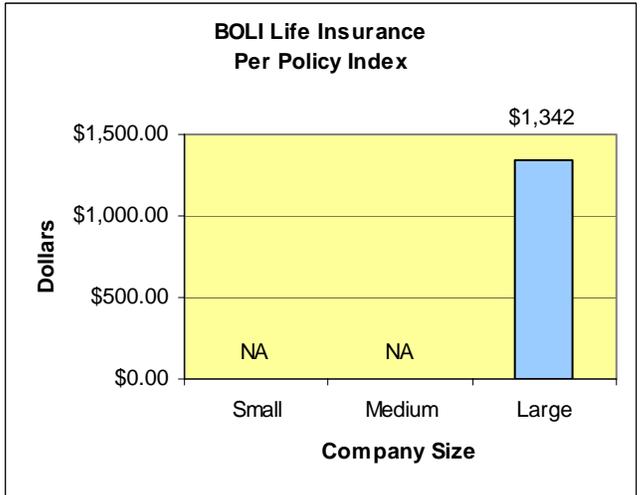
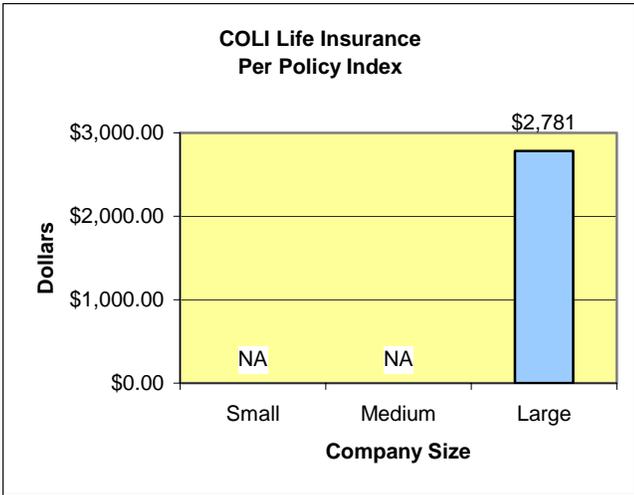
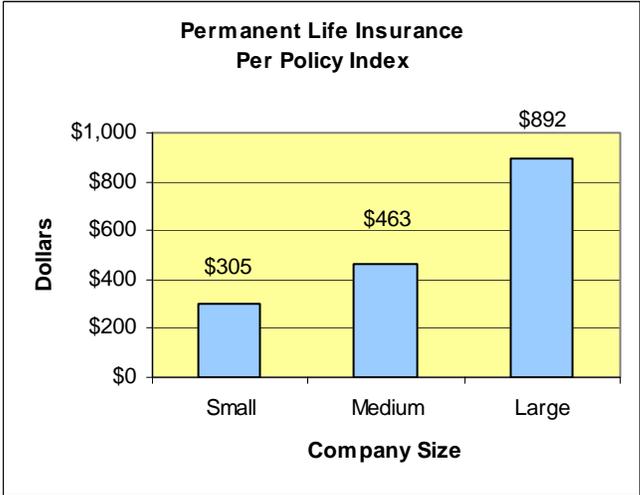
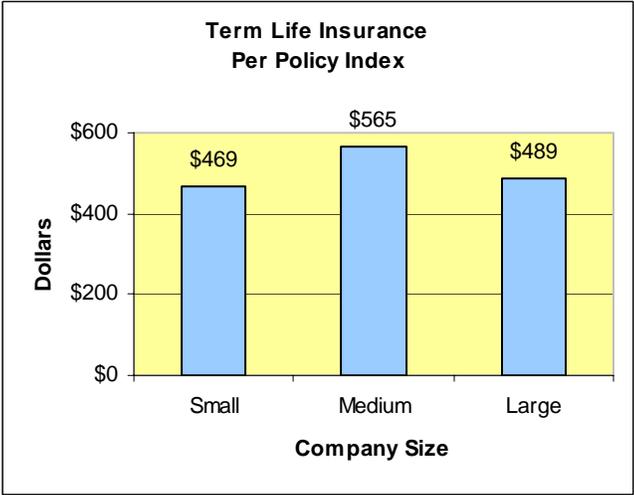
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Number of Companies = 11

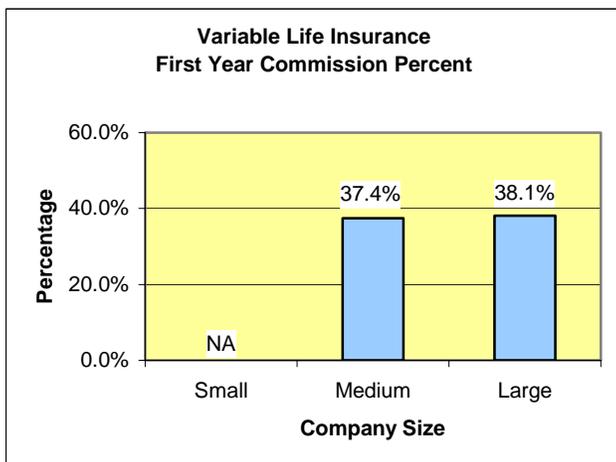
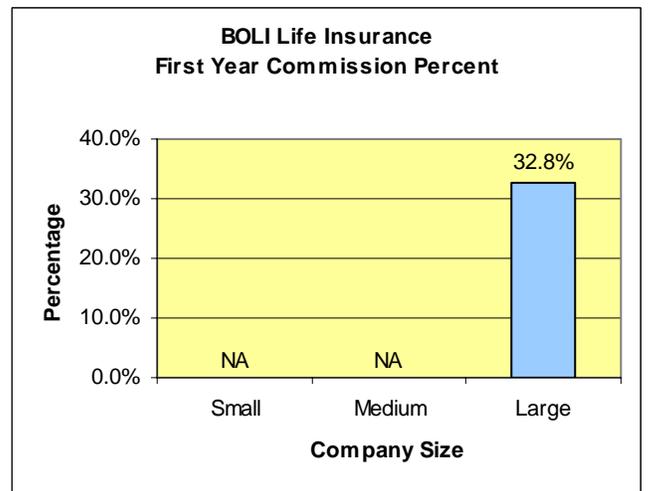
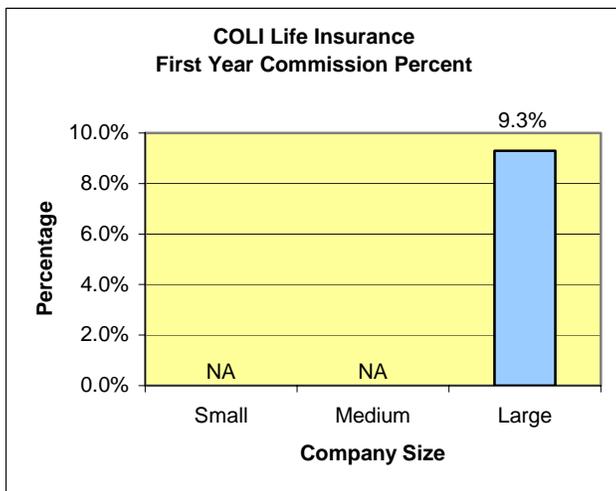
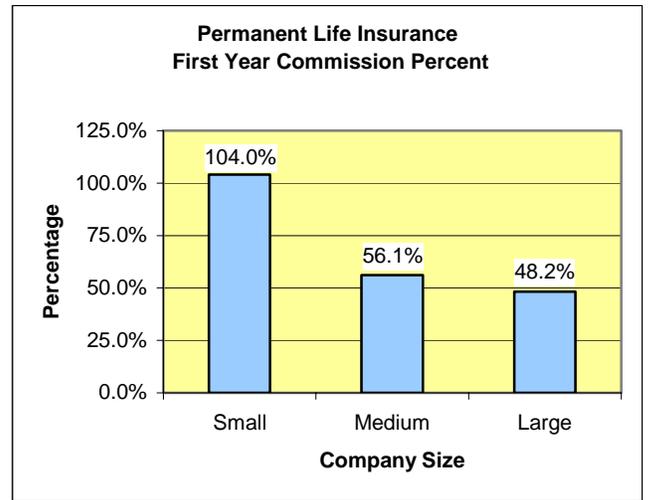
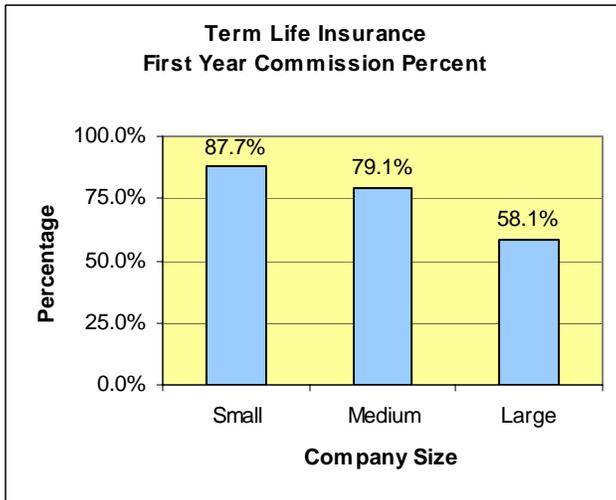
Non-Acquisition - All Distribution Systems Combined				
	Per Policy Inforce	Premium Tax as Percent of Premium	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$158	1.8%	\$379	\$175
Unweighted Average	\$263	1.9%	\$439	\$305
Median	\$204	1.7%	\$377	\$301
25th Percentile	\$160	1.6%	\$310	\$216
75th Percentile	\$298	2.1%	\$511	\$352

Note: Please see accompanying report for complete description of the tables and calculations.

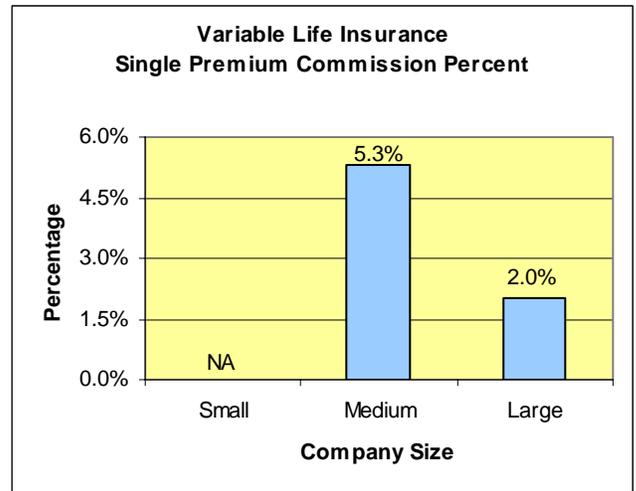
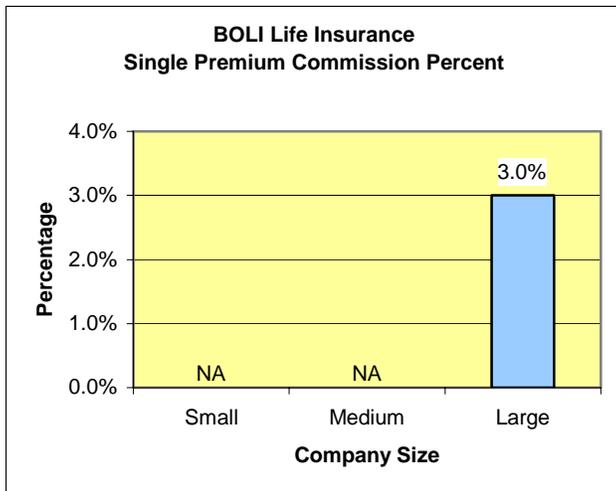
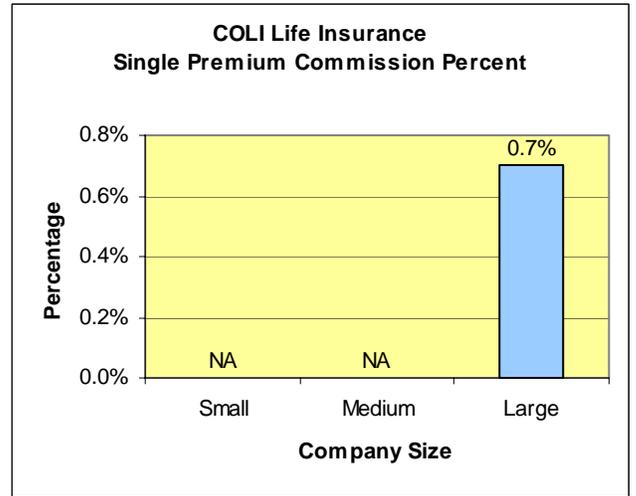
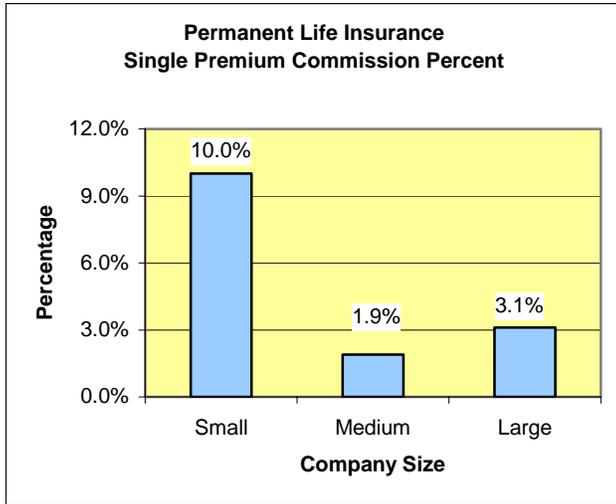
2002 Life Products
Graph 1 - Acquisition Expense – All Distribution Systems Combined
Per Policy Index



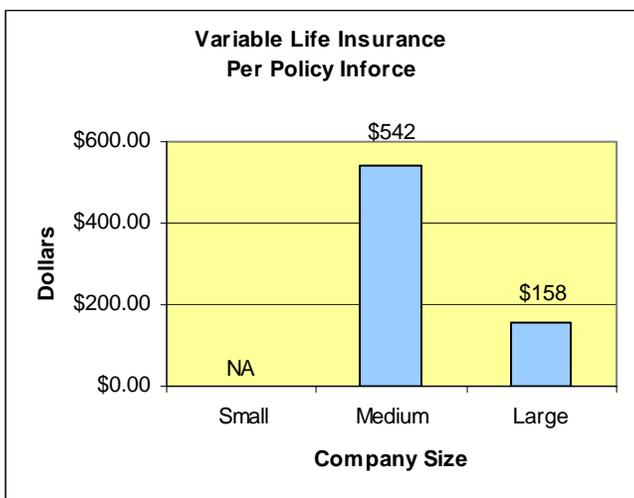
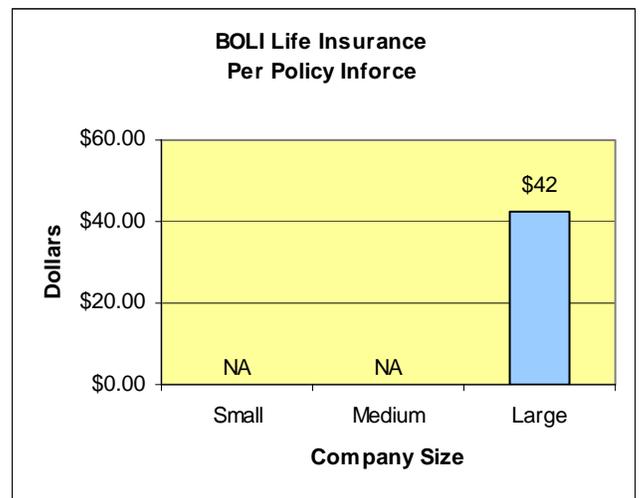
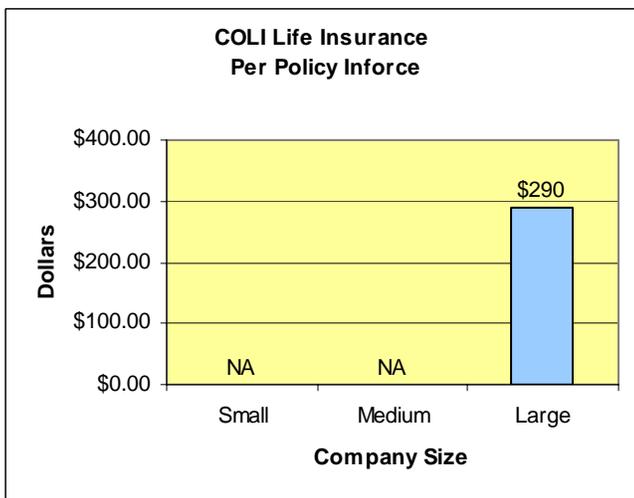
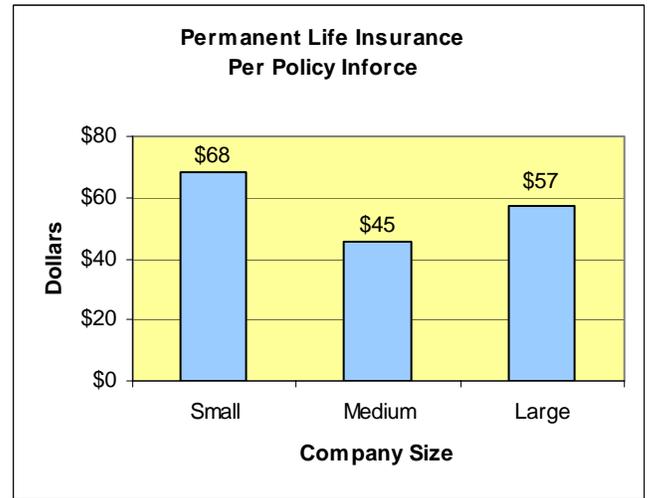
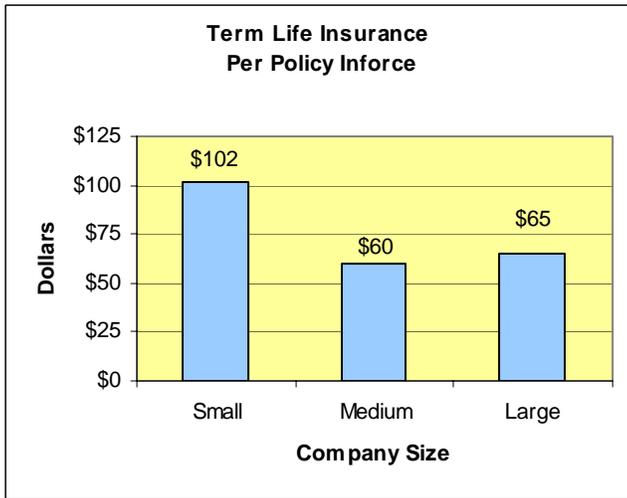
2002 Life Products
Graph 2 - Acquisition Expense – All Distribution Systems Combined
First Year Commission Percent



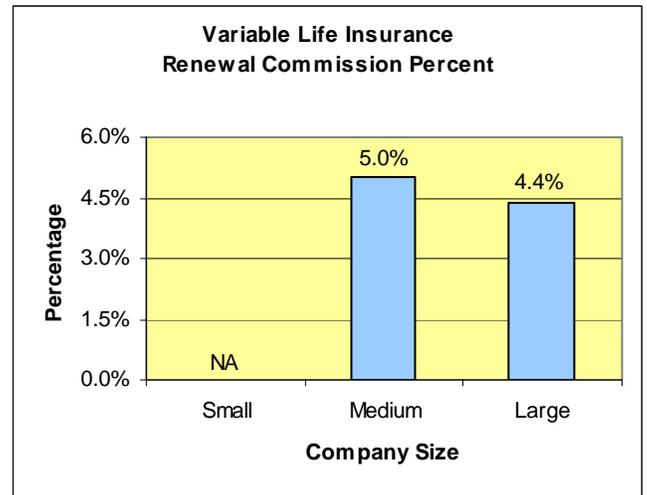
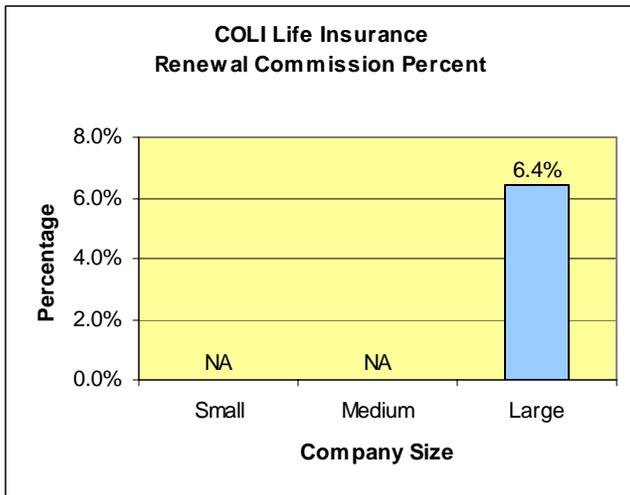
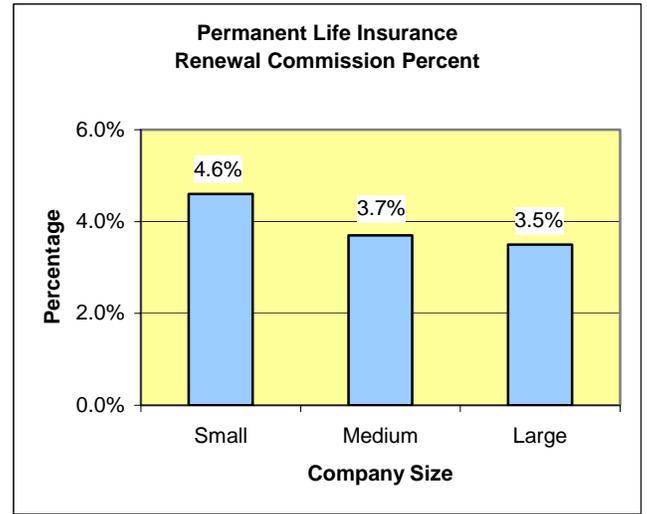
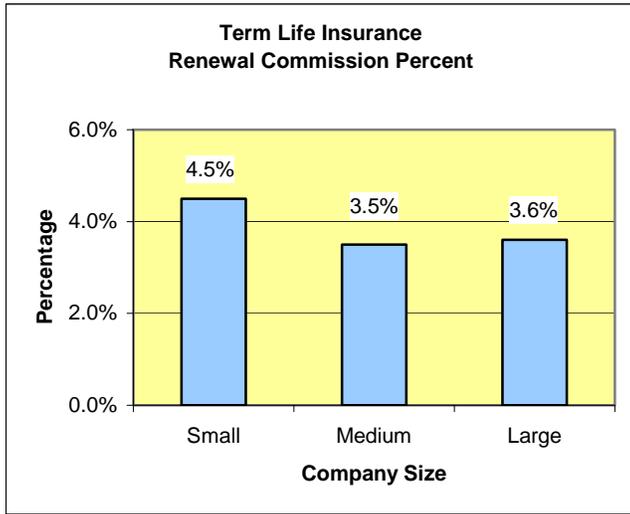
2002 Life Products
Graph 3 - Acquisition Expense – All Distribution Systems Combined
Single Premium Commission Percent



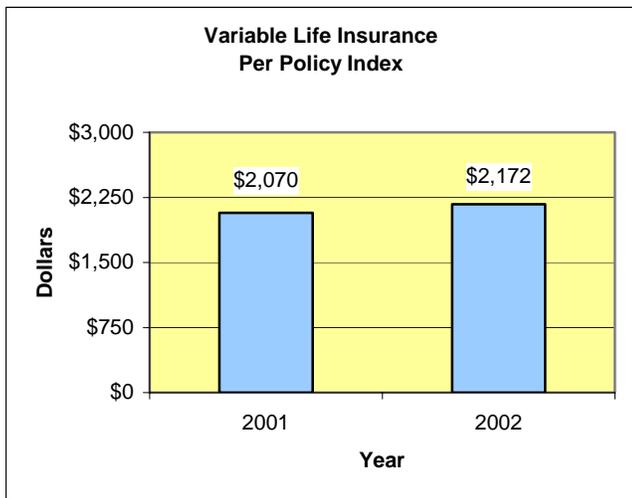
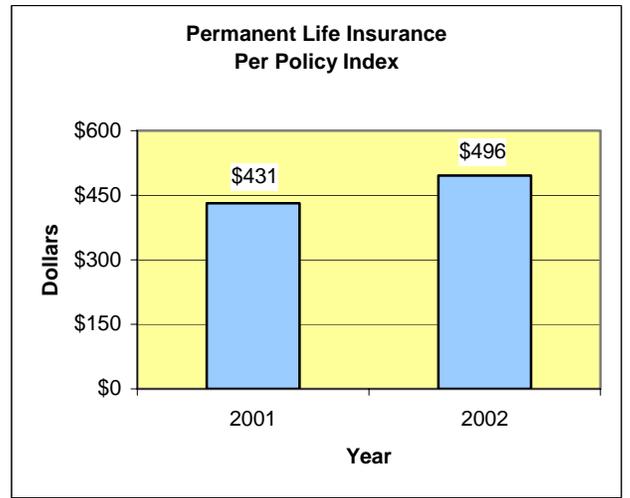
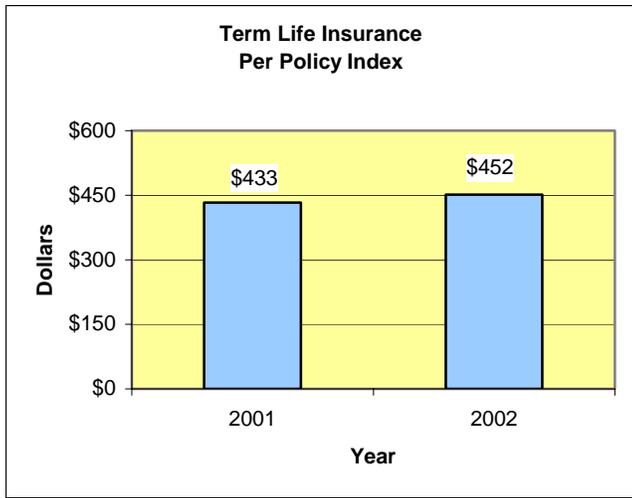
2002 Life Products
Graph 4 - Non-Acquisition Expense – All Distribution Systems Combined
Per Policy Inforce



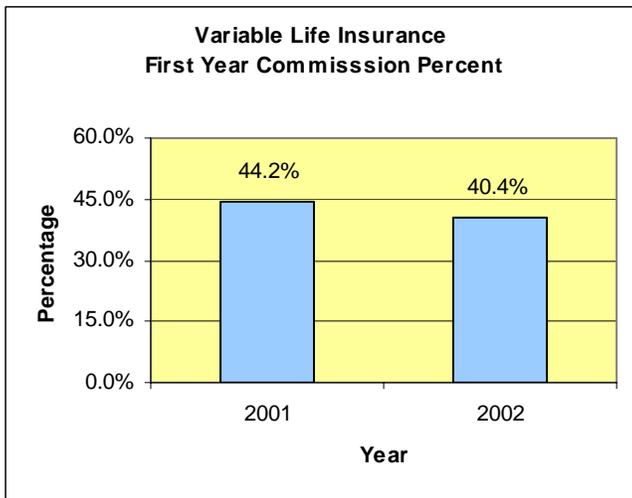
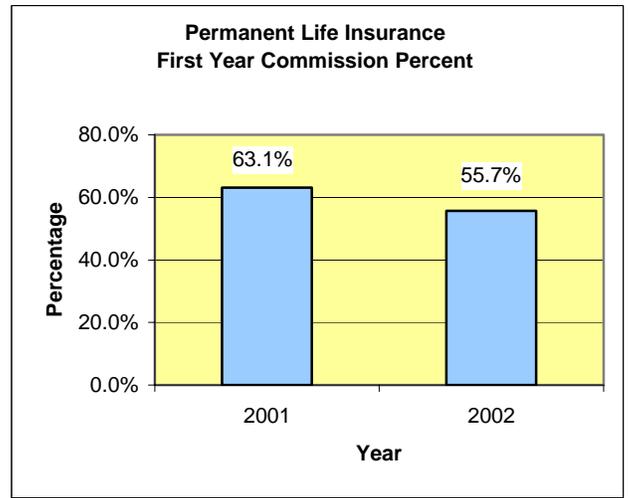
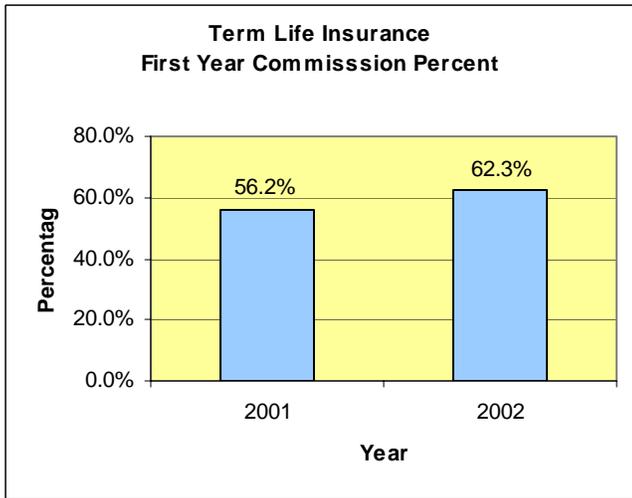
2002 Life Products
Graph 5 - Non-Acquisition Expense – All Distribution Systems Combined
Renewal Commission Percent



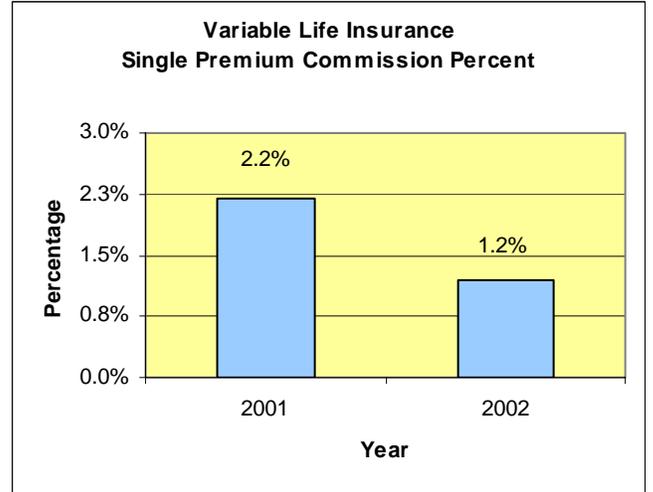
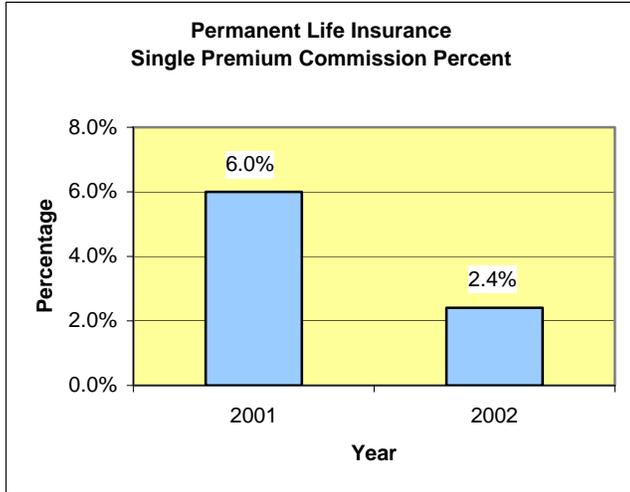
**Graph 6- Comparison of 2001 & 2002 Results
Based on only Companies Contributing in both 2001 & 2002
Acquisition Expense – All Distribution Systems Combined
Per Policy Index**



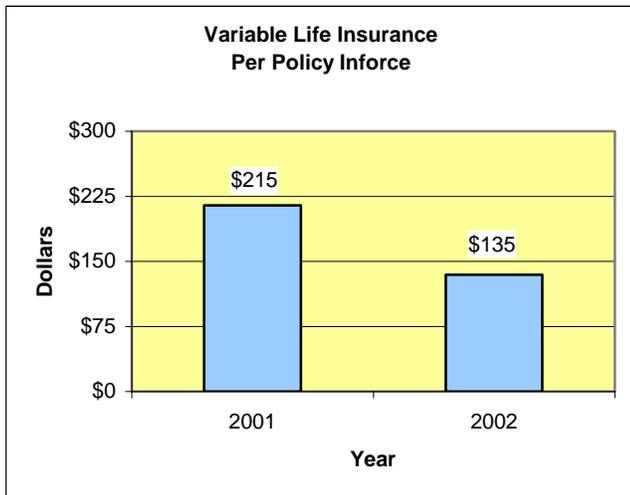
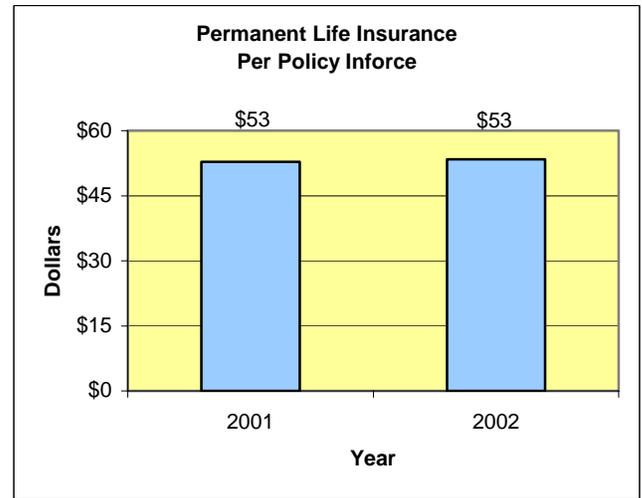
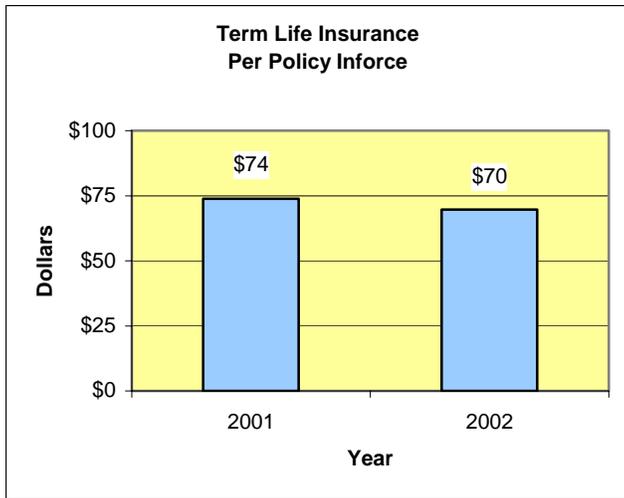
Graph 7 - Comparison of 2001 & 2002 Results
Based on only Companies Contributing in both 2001 & 2002
Acquisition Expense – All Distribution Systems Combined
First Year Commission Percent



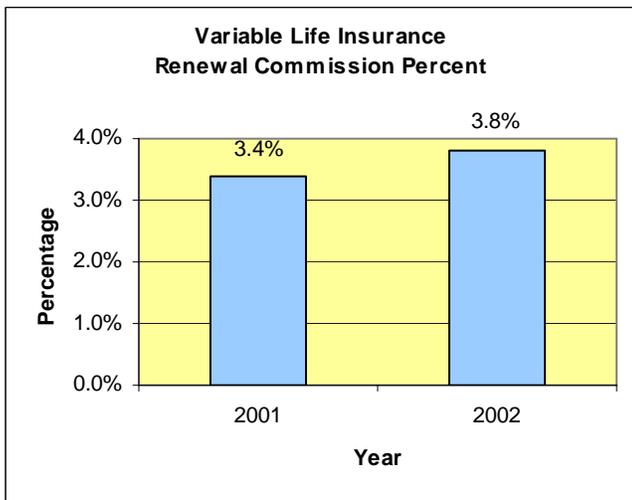
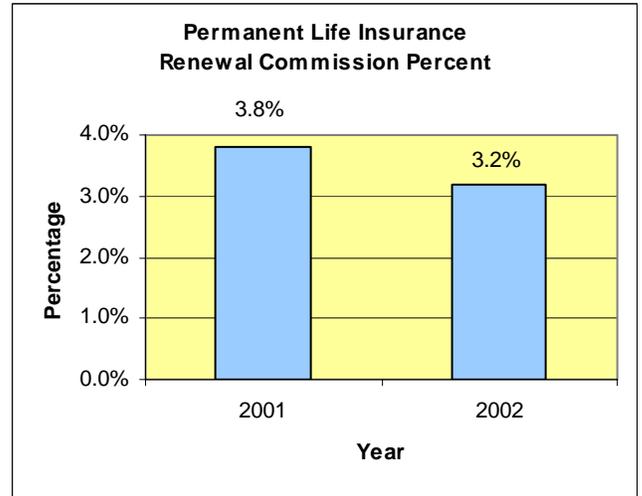
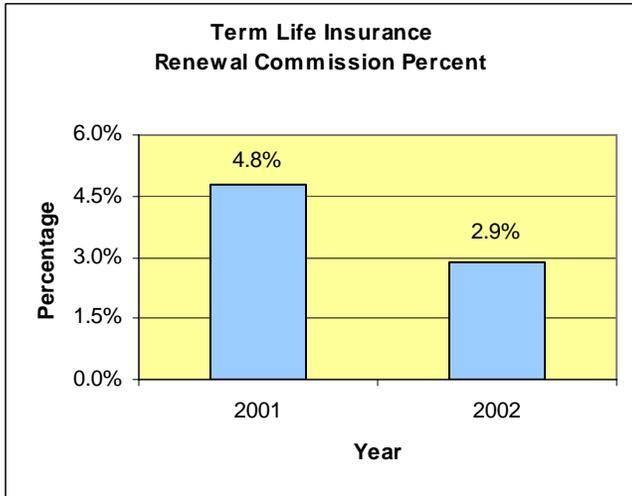
Graph 8 - Comparison of 2001 & 2002 Results
Based on only Companies Contributing in both 2001 & 2002
Acquisition Expense – All Distribution Systems Combined
Single Premium Commission Percent



Graph 9 - Comparison of 2001 & 2002 Results
Based on only Companies Contributing in both 2001 & 2002
Non-Acquisition Expense – All Distribution Systems Combined
Per Policy Inforce



**Graph 10 - Comparison of 2001 & 2002 Results
Based on only Companies Contributing in both 2001 & 2002
Non-Acquisition Expense – All Distribution Systems Combined
Renewal Commission Percent**



2002 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 12

Fixed Deferred Annuity

CAREER

Number of Companies = 18

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$105	1.9%	\$540	4.1%	2.7%
Unweighted Average	\$163	2.1%	\$744	4.2%	3.1%
Median	\$79	1.4%	\$470	3.8%	3.0%
25th Percentile	\$37	0.8%	\$140	3.1%	2.2%
75th Percentile	\$213	3.0%	\$1,122	5.2%	3.8%

BROKERAGE

Number of Companies = 9

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$57	1.2%	\$562	6.2%	5.4%
Unweighted Average	\$225	2.1%	\$643	6.2%	7.2%
Median	\$55	1.0%	\$511	5.1%	3.7%
25th Percentile	\$33	0.8%	\$359	4.7%	2.0%
75th Percentile	\$148	1.4%	\$788	7.3%	4.9%

PPGA

Number of Companies = 7

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$81	0.4%	\$253	10.8%	1.6%
Unweighted Average	\$76	1.8%	\$506	5.7%	2.6%
Median	\$79	1.3%	\$495	5.7%	1.9%
25th Percentile	\$40	0.6%	\$345	4.2%	1.5%
75th Percentile	\$110	1.7%	\$724	6.5%	3.5%

STOCKBROKER

Number of Companies = 3

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$250	0.7%	\$553	3.5%	4.0%
Unweighted Average	\$183	0.4%	\$352	2.1%	4.0%
Median	\$153	0.1%	\$197	2.2%	4.0%

FINANCIAL INSTITUTIONS

Number of Companies = 8

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$78	0.5%	\$253	4.3%	7.9%
Unweighted Average	\$101	1.1%	\$585	4.5%	4.5%
Median	\$115	1.0%	\$557	4.8%	4.7%
25th Percentile	\$40	0.5%	\$243	4.3%	2.7%
75th Percentile	\$138	1.4%	\$852	5.1%	4.9%

2002 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 12

Fixed Deferred Annuity

TOTAL

Number of Companies = 36

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$80	0.7%	\$358	6.1%	5.8%
Unweighted Average	\$129	1.2%	\$530	4.9%	5.2%
Median	\$73	1.0%	\$445	4.7%	3.3%
25th Percentile	\$41	0.4%	\$206	3.4%	2.1%
75th Percentile	\$147	1.6%	\$697	5.8%	4.2%

TOTAL

Number of Companies = 36

**Non-Acquisition
All Distribution Systems Combined**

	Per Policy Inforce	Premium Tax as	Average Account Balance
		Percent of Premium	
Weighted Average	\$102	0.04%	\$30,444
Unweighted Average	\$106	0.14%	\$26,901
Median	\$92	0.04%	\$27,574
25th Percentile	\$66	0.01%	\$18,287
75th Percentile	\$123	0.19%	\$33,386

Note: Please see accompanying report for complete description of the tables and calculations.

2002 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 13

Fixed Immediate Annuity

CAREER

Number of Companies = 14

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$252	1.7%	\$1,526	3.1%	NA
Unweighted Average	\$817	1.8%	\$1,829	2.8%	NA
Median	\$236	1.7%	\$1,299	2.6%	NA
25th Percentile	\$61	0.3%	\$305	2.0%	NA
75th Percentile	\$305	3.2%	\$2,425	3.5%	NA

BROKERAGE

Number of Companies = 6

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$189	1.4%	\$1,537	4.9%	NA
Unweighted Average	\$173	1.5%	\$1,483	5.6%	NA
Median	\$171	1.2%	\$1,290	4.2%	NA

FINANCIAL INSTITUTIONS

Number of Companies = 3

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$142	0.2%	\$282	3.3%	NA
Unweighted Average	\$270	1.8%	\$2,381	3.9%	NA
Median	\$236	2.0%	\$2,501	4.2%	NA

TOTAL

Number of Companies = 27

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$195	1.1%	\$1,330	3.0%	NA
Unweighted Average	\$517	1.4%	\$1,447	3.5%	NA
Median	\$157	1.0%	\$1,014	3.3%	NA
25th Percentile	\$73	0.6%	\$305	2.1%	NA
75th Percentile	\$278	2.0%	\$1,884	4.0%	NA

TOTAL

Number of Companies = 27

	Non-Acquisition All Distribution Systems Combined		
	Per Policy Inforce	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$167	0.28%	\$35,238
Unweighted Average	\$375	0.39%	\$42,195
Median	\$144	0.19%	\$34,485
25th Percentile	\$77	0.10%	\$26,908
75th Percentile	\$211	0.67%	\$45,797

Note: Please see accompanying report for complete description of the tables and calculations.

2002 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 14

Variable Deferred Annuity

CAREER

Number of Companies = 12

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$255	5.6%	\$1,641	3.1%	4.5%
Unweighted Average	\$399	4.3%	\$1,614	3.9%	5.1%
Median	\$153	3.6%	\$1,026	3.7%	4.8%
25th Percentile	\$92	0.9%	\$234	3.0%	3.1%
75th Percentile	\$276	7.1%	\$2,534	4.6%	6.9%

BROKERAGE

Number of Companies = 6

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$371	2.2%	\$2,642	5.7%	6.1%
Unweighted Average	\$289	2.4%	\$2,837	3.4%	7.7%
Median	\$163	2.1%	\$2,168	2.4%	8.2%

STOCKBROKER

Number of Companies = 4

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$200	0.6%	\$659	5.1%	8.5%
Unweighted Average	\$241	1.0%	\$892	4.8%	16.1%
Median	\$215	1.1%	\$876	4.7%	13.8%

FINANCIAL INSTITUTIONS

Number of Companies = 4

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$202	0.9%	\$433	6.1%	3.0%
Unweighted Average	\$457	2.1%	\$1,201	5.0%	5.9%
Median	\$210	1.9%	\$281	5.9%	6.4%

TOTAL

Number of Companies = 22

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$198	1.5%	\$1,014	5.3%	5.6%
Unweighted Average	\$317	2.7%	\$1,354	4.5%	6.9%
Median	\$166	1.5%	\$907	4.6%	5.4%
25th Percentile	\$91	0.9%	\$365	3.6%	3.1%
75th Percentile	\$352	3.9%	\$1,710	5.6%	7.7%

2002 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 14

Variable Deferred Annuity

TOTAL

Number of Companies = 22

**Non-Acquisition
All Distribution Systems Combined**

	Per Policy Inforce	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$142	0.06%	\$42,371
Unweighted Average	\$526	0.28%	\$37,646
Median	\$143	0.03%	\$37,818
25th Percentile	\$104	0.01%	\$23,311
75th Percentile	\$213	0.14%	\$47,589

Note: Please see accompanying report for complete description of the tables and calculations.

2002 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 15

Variable Immediate Annuity

TOTAL

Number of Companies = 5

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$648	1.8%	\$3,401	5.7%	NA
Unweighted Average	\$4,156	16.2%	\$17,242	5.0%	NA
Median	\$737	1.1%	\$3,202	5.9%	NA

TOTAL

Number of Companies = 5

**Non-Acquisition
All Distribution Systems Combined**

	Per Policy Inforce	Premium Tax as	Average Account Balance
		Percent of Premium	
Weighted Average	\$280	0.19%	\$16,564
Unweighted Average	\$5,596	0.97%	\$52,013
Median	\$251	0.17%	\$31,599

Note: Please see accompanying report for complete description of the tables and calculations.

2002 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY
Table 16 - WEIGHTED AVERAGES -- INDIVIDUAL ANNUITY PRODUCTS

CAREER

	Number of Companies	Acquisition			Commission Percent	
		Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Fixed Deferred Annuity	18	\$105	1.9%	\$540	4.1%	2.7%
Fixed Immediate Annuity	14	\$252	1.7%	\$1,526	3.1%	NA
Variable Deferred Annuity	12	\$255	5.6%	\$1,641	3.1%	4.5%
TOTAL	18	\$204	4.3%	\$1,265	3.4%	4.1%

BROKERAGE

	Number of Companies	Acquisition			Commission Percent	
		Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Fixed Deferred Annuity	9	\$57	1.2%	\$562	6.2%	5.4%
Fixed Immediate Annuity	6	\$189	1.4%	\$1,537	4.9%	NA
Variable Deferred Annuity	6	\$371	2.2%	\$2,642	5.7%	6.1%
TOTAL	9	\$135	1.7%	\$1,082	6.0%	6.0%

PPGA

	Number of Companies	Acquisition			Commission Percent	
		Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Fixed Deferred Annuity	7	\$81	0.4%	\$253	10.8%	1.6%
TOTAL	7	\$81	0.4%	\$259	10.8%	2.0%

STOCKBROKER

	Number of Companies	Acquisition			Commission Percent	
		Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Fixed Deferred Annuity	3	\$250	0.7%	\$553	3.5%	4.0%
Variable Deferred Annuity	4	\$200	0.6%	\$659	5.1%	8.5%
TOTAL	4	\$206	0.6%	\$649	5.0%	8.4%

FINANCIAL INSTITUTIONS

	Number of Companies	Acquisition			Commission Percent	
		Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Fixed Deferred Annuity	8	\$78	0.5%	\$253	4.3%	7.9%
Fixed Immediate Annuity	3	\$142	0.2%	\$282	3.3%	NA
Variable Deferred Annuity	4	\$202	0.9%	\$433	6.1%	3.0%
TOTAL	8	\$94	0.5%	\$277	4.4%	7.7%

2002 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY
Table 16 - WEIGHTED AVERAGES -- INDIVIDUAL ANNUITY PRODUCTS

TOTAL

	Number of Companies	Acquisition			Commission Percent	
		Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Fixed Deferred Annuity	36	\$80	0.7%	\$358	6.1%	5.8%
Fixed Immediate Annuity	27	\$195	1.1%	\$1,330	3.0%	NA
Variable Deferred Annuity	22	\$198	1.5%	\$1,014	5.3%	5.6%
Variable Immediate Annuity	5	\$648	1.8%	\$3,401	5.7%	NA
TOTAL	37	\$131	1.1%	\$645	5.7%	5.7%

TOTAL

	Number of Companies	Non-Acquisition - All Distribution Systems Combined		
		Per Policy Inforce	Premium Tax as Percent of Premium	Average Account Balance
Fixed Deferred Annuity	36	\$102	0.04%	\$30,444
Fixed Immediate Annuity	27	\$167	0.28%	\$35,238
Variable Deferred Annuity	22	\$142	0.06%	\$42,371
Variable Immediate Annuity	5	\$280	0.19%	\$16,564
TOTAL	37	\$125	0.06%	\$36,458

Note: Please see accompanying report for complete description of the tables and calculations.

2002 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 17

Fixed Deferred Annuity

SMALL

Number of Companies = 12

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$122	1.5%	\$544	3.9%	2.9%
Unweighted Average	\$140	1.7%	\$664	4.5%	3.1%
Median	\$110	1.3%	\$543	4.0%	2.9%
25th Percentile	\$44	0.9%	\$328	3.3%	1.8%
75th Percentile	\$226	2.3%	\$720	5.8%	3.8%

SMALL

Number of Companies = 12

	Non-Acquisition All Distribution Systems Combined		
	Per Policy Inforce	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$106	0.11%	\$23,389
Unweighted Average	\$106	0.21%	\$21,004
Median	\$99	0.16%	\$23,364
25th Percentile	\$81	0.04%	\$14,764
75th Percentile	\$115	0.22%	\$27,307

MEDIUM

Number of Companies = 13

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$103	1.1%	\$441	4.5%	3.4%
Unweighted Average	\$159	1.1%	\$502	4.6%	5.6%
Median	\$55	1.0%	\$331	4.7%	3.6%
25th Percentile	\$41	0.4%	\$195	3.3%	2.9%
75th Percentile	\$84	1.6%	\$643	4.8%	4.2%

MEDIUM

Number of Companies = 13

	Non-Acquisition All Distribution Systems Combined		
	Per Policy Inforce	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$67	0.12%	\$23,346
Unweighted Average	\$82	0.20%	\$30,382
Median	\$82	0.09%	\$30,816
25th Percentile	\$50	0.02%	\$20,383
75th Percentile	\$90	0.24%	\$38,484

LARGE

Number of Companies = 11

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$75	0.7%	\$338	6.4%	6.4%
Unweighted Average	\$76	0.8%	\$407	5.7%	8.4%
Median	\$74	0.6%	\$356	5.2%	3.5%
25th Percentile	\$45	0.2%	\$158	4.0%	2.0%
75th Percentile	\$105	1.2%	\$509	6.2%	6.6%

2002 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 17

Fixed Deferred Annuity

LARGE

Number of Companies = 11

Non-Acquisition			
All Distribution Systems Combined			
	Per Policy Inforce	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$112	0.04%	\$34,143
Unweighted Average	\$136	0.05%	\$35,938
Median	\$122	0.01%	\$34,488
25th Percentile	\$95	0.00%	\$32,326
75th Percentile	\$211	0.04%	\$40,503

Note: Please see accompanying report for complete description of the tables and calculations.

2002 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 18

Fixed Immediate Annuity

SMALL

Number of Companies = 10

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$294	2.0%	\$1,395	2.2%	NA
Unweighted Average	\$591	1.7%	\$1,342	2.5%	NA
Median	\$241	1.3%	\$1,231	2.6%	NA
25th Percentile	\$90	1.0%	\$447	1.9%	NA
75th Percentile	\$284	2.2%	\$1,665	3.1%	NA

SMALL

Number of Companies = 10

	Non-Acquisition All Distribution Systems Combined		
	Per Policy Inforce	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$214	0.41%	\$29,952
Unweighted Average	\$651	0.40%	\$29,025
Median	\$142	0.34%	\$28,026
25th Percentile	\$69	0.19%	\$22,964
75th Percentile	\$175	0.61%	\$35,405

MEDIUM

Number of Companies = 11

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$199	1.4%	\$1,244	3.7%	NA
Unweighted Average	\$688	1.5%	\$1,610	4.2%	NA
Median	\$170	1.2%	\$917	3.4%	NA
25th Percentile	\$65	0.5%	\$247	2.9%	NA
75th Percentile	\$360	2.6%	\$1,818	4.0%	NA

MEDIUM

Number of Companies = 11

	Non-Acquisition All Distribution Systems Combined		
	Per Policy Inforce	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$140	0.19%	\$44,880
Unweighted Average	\$200	0.46%	\$66,951
Median	\$134	0.18%	\$48,492
25th Percentile	\$46	0.11%	\$41,211
75th Percentile	\$209	0.89%	\$91,794

LARGE

Number of Companies = 7

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$182	1.0%	\$1,356	2.8%	NA
Unweighted Average	\$189	0.9%	\$1,312	3.4%	NA
Median	\$141	1.0%	\$767	3.7%	NA
25th Percentile	\$80	0.4%	\$462	2.3%	NA
75th Percentile	\$196	1.2%	\$1,891	4.2%	NA

2002 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 18

Fixed Immediate Annuity

LARGE

Number of Companies = 7

Non-Acquisition			
All Distribution Systems Combined			
	Per Policy Inforce	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$171	0.29%	\$31,744
Unweighted Average	\$230	0.29%	\$42,959
Median	\$144	0.10%	\$39,869
25th Percentile	\$107	0.02%	\$33,075
75th Percentile	\$308	0.36%	\$55,925

Note: Please see accompanying report for complete description of the tables and calculations.

2002 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 19

Variable Deferred Annuity

MEDIUM

Number of Companies = 9

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$178	2.2%	\$644	3.9%	6.1%
Unweighted Average	\$165	2.2%	\$1,268	4.1%	8.2%
Median	\$118	1.5%	\$720	4.1%	4.3%
25th Percentile	\$94	0.9%	\$239	2.9%	3.0%
75th Percentile	\$201	3.0%	\$1,273	4.6%	7.0%

MEDIUM

Number of Companies = 9

	Non-Acquisition All Distribution Systems Combined		
	Per Policy Inforce	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$117	0.21%	\$21,369
Unweighted Average	\$261	0.23%	\$27,249
Median	\$165	0.08%	\$26,186
25th Percentile	\$93	0.03%	\$20,949
75th Percentile	\$390	0.19%	\$37,366

LARGE

Number of Companies = 11

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$197	1.5%	\$1,044	5.4%	5.6%
Unweighted Average	\$264	1.8%	\$1,150	4.8%	5.8%
Median	\$211	1.3%	\$1,006	5.1%	6.3%
25th Percentile	\$77	0.9%	\$405	4.0%	4.1%
75th Percentile	\$334	1.7%	\$1,667	5.9%	7.5%

LARGE

Number of Companies = 11

	Non-Acquisition All Distribution Systems Combined		
	Per Policy Inforce	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$145	0.05%	\$40,022
Unweighted Average	\$167	0.03%	\$45,435
Median	\$141	0.01%	\$42,122
25th Percentile	\$120	-0.01%	\$32,163
75th Percentile	\$185	0.08%	\$48,919

Note: Please see accompanying report for complete description of the tables and calculations.

2002 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 20

Variable Immediate Annuity

LARGE

Number of Companies = 5

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$648	1.8%	\$3,401	5.7%	NA
Unweighted Average	\$4,156	16.2%	\$17,242	5.0%	NA
Median	\$737	1.1%	\$3,202	5.9%	NA

LARGE

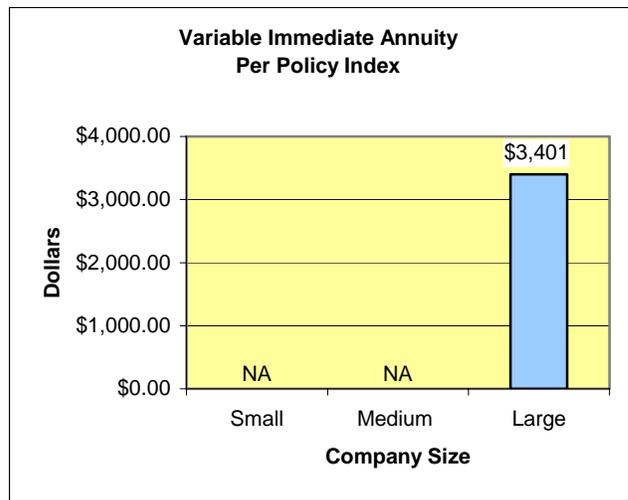
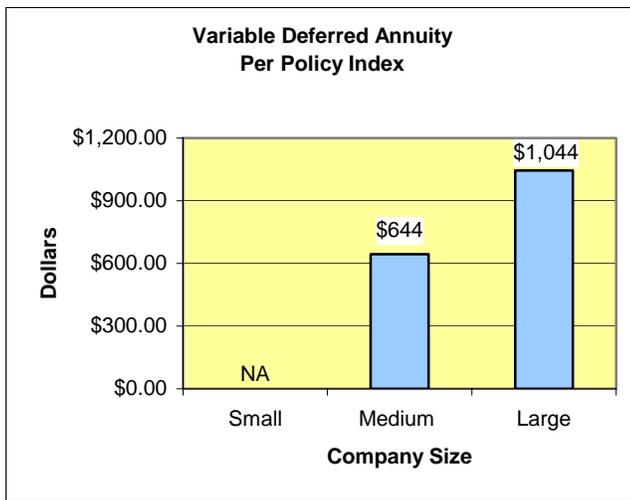
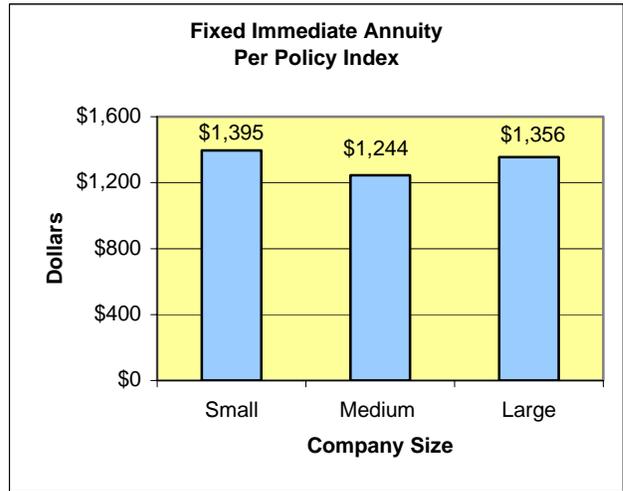
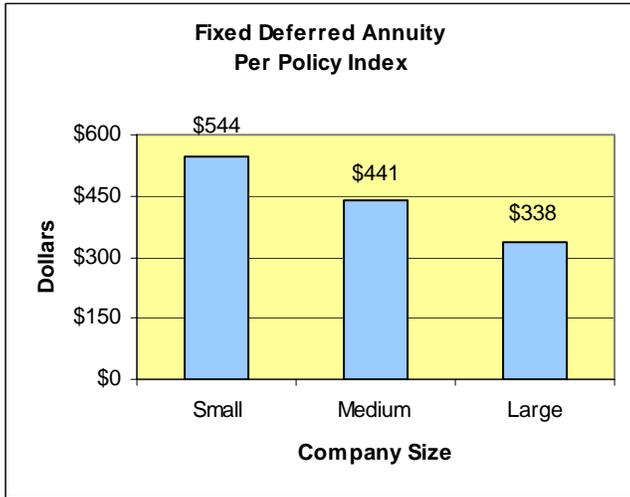
Number of Companies = 5

**Non-Acquisition
All Distribution Systems Combined**

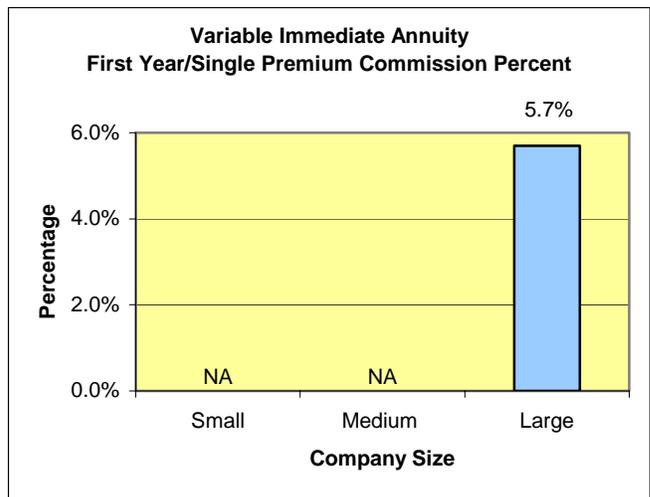
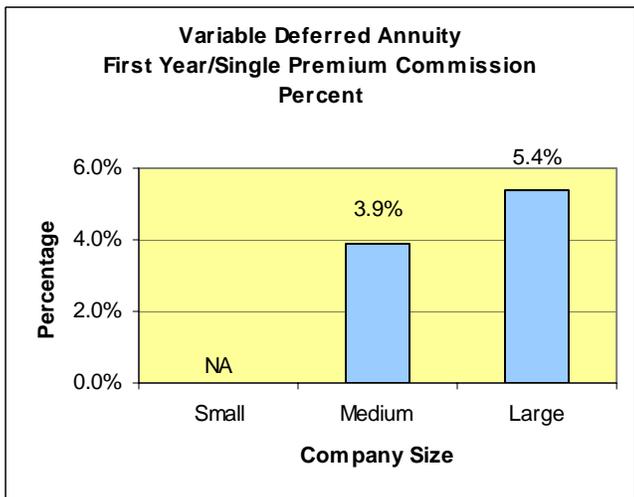
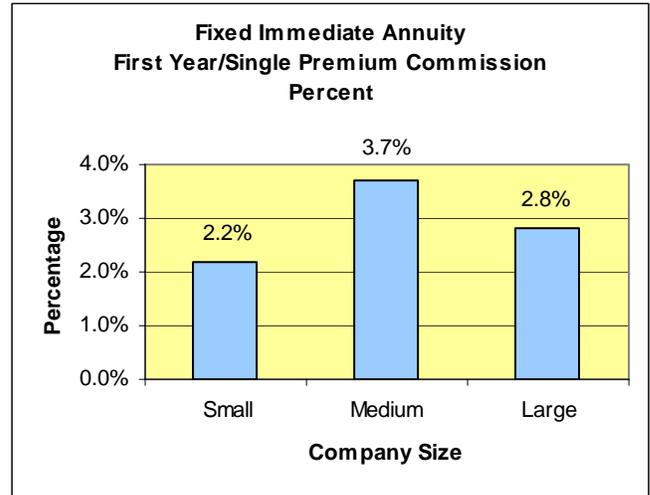
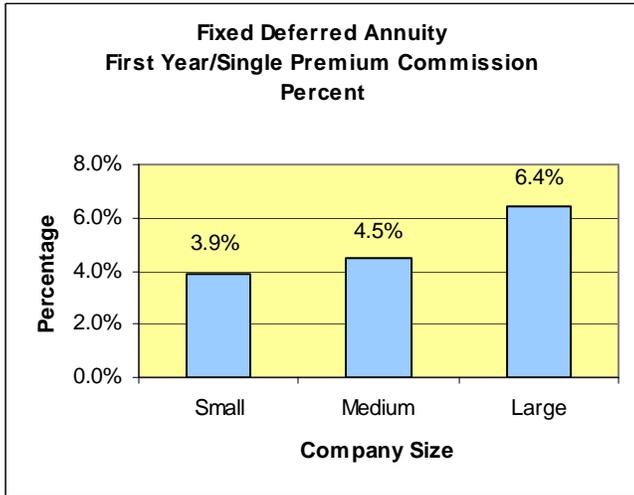
	Per Policy Inforce	Premium Tax as	Average Account Balance
		Percent of Premium	
Weighted Average	\$280	0.19%	\$20,279
Unweighted Average	\$5,596	0.97%	\$51,966
Median	\$251	0.17%	\$40,635

Note: Please see accompanying report for complete description of the tables and calculations.

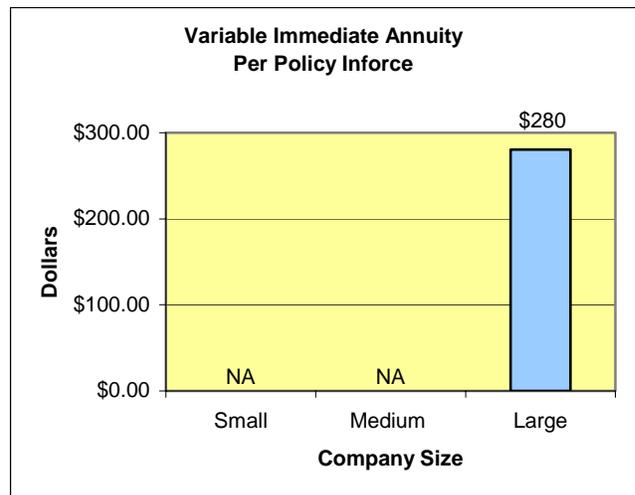
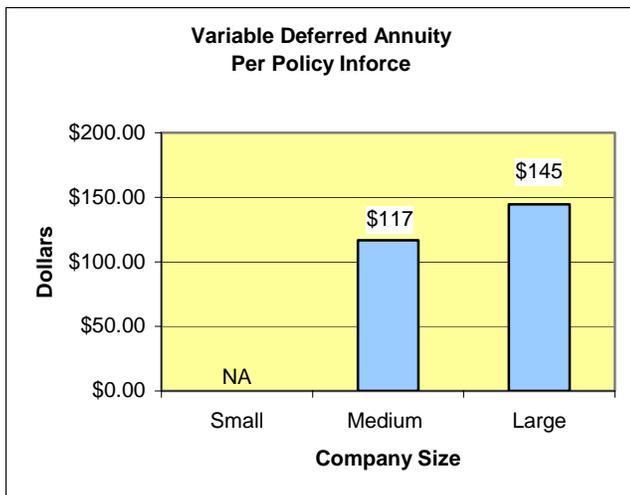
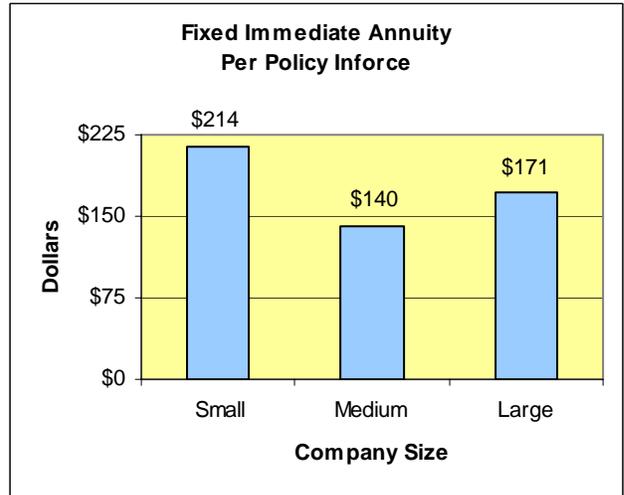
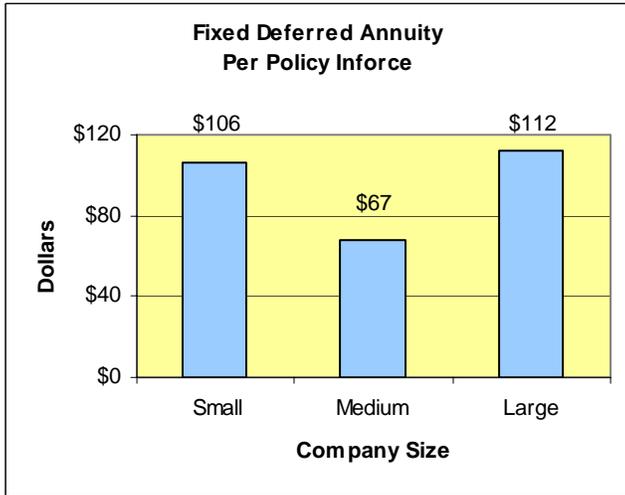
2002 Annuity Products
Graph 11 - Acquisition Expense – All Distribution Systems Combined
Per Policy Index



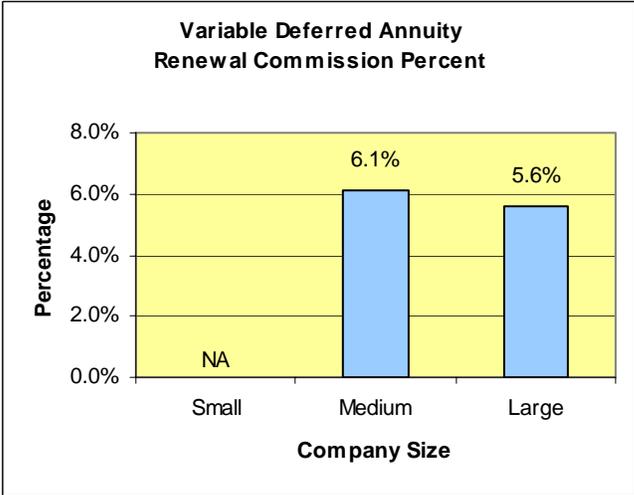
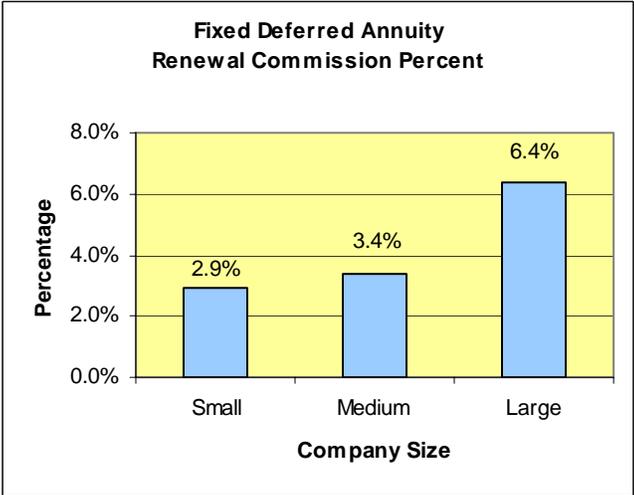
2002 Annuity Products
Graph 12 - Acquisition Expense – All Distribution Systems Combined
First Year/Single Premium Commission Percent



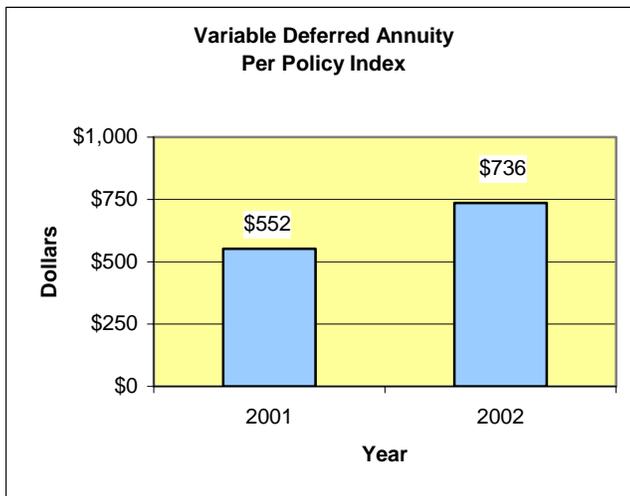
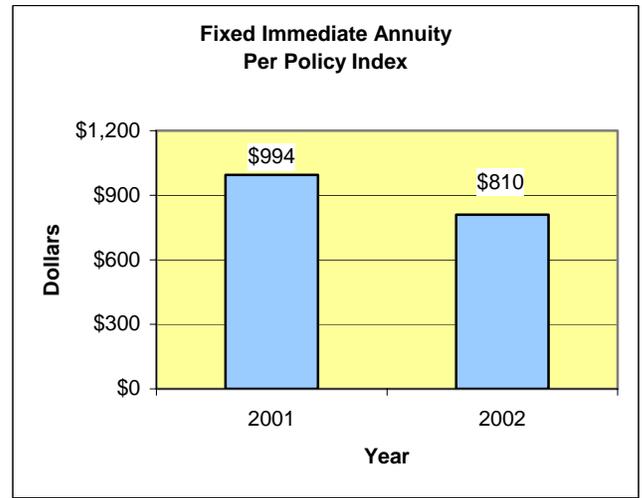
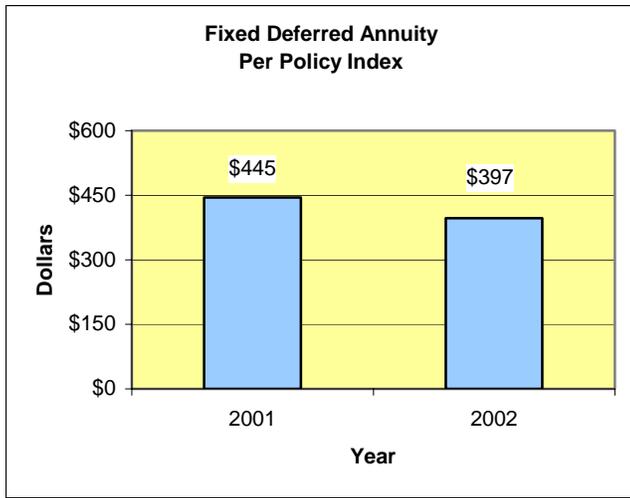
2002 Annuity Products
Graph 13 - Non-Acquisition Expense – All Distribution Systems Combined
Per Policy Inforce



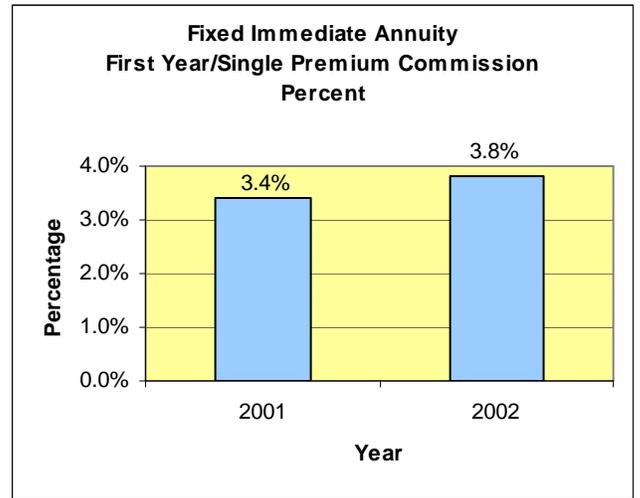
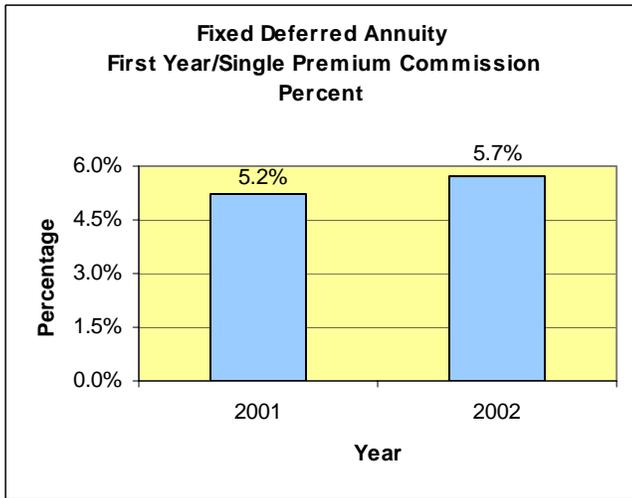
2002 Annuity Products
Graph 14 - Non-Acquisition Expense – All Distribution Systems Combined
Renewal Commission Percent



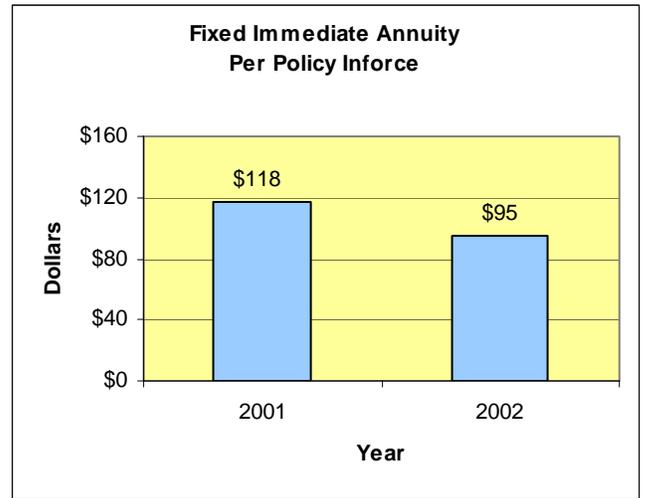
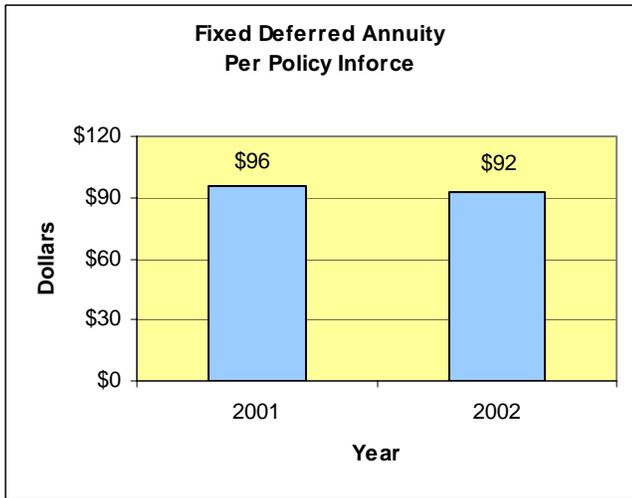
**Graph 15 - Comparison of 2001 & 2002 Results
Based on only Companies in both 2001 & 2002
Acquisition Expense – All Distribution Systems Combined
Per Policy Index**



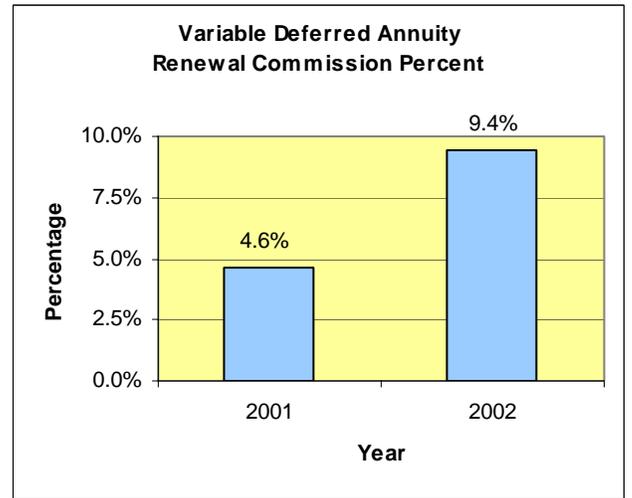
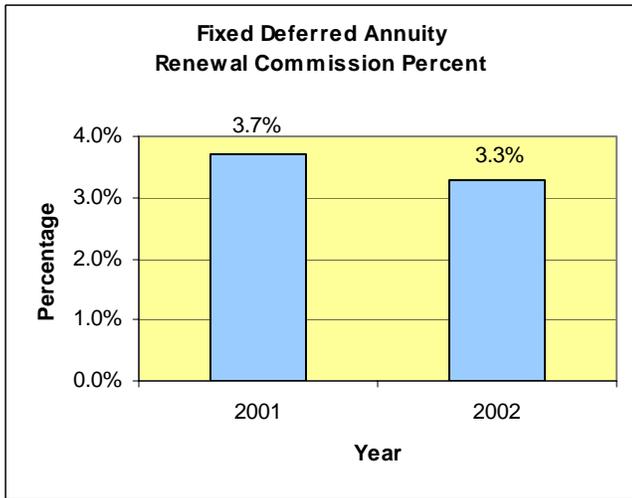
**Graph 16 - Comparison of 2001 & 2002 Results
Based on only Companies in both 2001 & 2002
Acquisition Expense – All Distribution Systems Combined
First Year/Single Premium Commission Percent**



**Graph 17 - Comparison of 2001 & 2002 Results
Based on only Companies in both 2001 & 2002
Non-Acquisition Expense – All Distribution Systems Combined
Per Policy Inforce**



**Graph 18 - Comparison of 2001 & 2002 Results
Based on only Companies in both 2001 & 2002
Non-Acquisition Expense – All Distribution Systems Combined
Renewal Commission Percent**



**2002 SOA Expense Study Worksheet
Company Information
Appendix 1**

Company Name	
---------------------	--

Contact Information

Name	
Telephone	
E-mail	

	Stock	Mutual	Mutual Holding	Demutualizing	Fraternal
Corporate Organization Type					

	Yes
Primarily Burial Life Insurance Company	

	General Account	Separate Accounts
Gross Investment Income		
Investment Expenses		

Date Last Updated:	September 10, 2003
---------------------------	---------------------------

Please note any characteristics unique to your company that might significantly impact comparisons with other companies in Cell A24:
--

Please note if your company underwent any major changes in 2002 that would significantly impact your company's results in this study in Cell A27
--

2002 SOA Expense Study Worksheet

Expense Units

Appendix 1

	Sample Life Product Units							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
A. New Business - Direct								
1. Policies / Contracts Issued								0
2. Volume Issued (Round to 1000s)								0
3. First Year Premium Collected								0
a. UL and VUL Dump-in Included in A-3								0
4. Single Premium Collected								0
a. UL and VUL Dump-in Included in A-4								0
b. Paid-Up Additions Included in A-4								0
B. Inforce - Direct - Current Year								
1. Policies / Contracts								0
2. Volume (Round to 1000s)								0
3. Renewal Premium Collected								0
4. Reserves or Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
C. Inforce - Direct - Previous Year								
1. Policies / Contracts								0
2. Volume (Round to 1000s)								0
3. Renewal Premium Collected								0
4. Reserves or Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
D. Number of Claims	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
E. Benefits	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0

Comments / Notes:

2002 SOA Expense Study Worksheet

Expenses

Appendix 1

Function	Sample Life Product Expenses							Unallocated	Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other			
F. Commissions Paid									
1. First Year Commissions									0
a. UL and VUL Dump-in Included in F-1									0
2. Single Commissions									0
a. UL and VUL Dump-in Included in F-2									0
3. Renewal Commissions									0
G. Other Acquisition Expenses Paid									
1. Sales / Marketing									0
2. Underwriting - Inspection Reports and Medical Exams									0
3. Underwriting - All Other									0
4. Policy / Contract Issue									0
5. Product Development									0
6. Other Acquisition - Please list									0
a.									0
b.									0
c.									0
d.									0
H. Other Expenses Paid									
1. Benefit Department(s) / Claim Settlement Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
2. Policyowner Services	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
3. Significant Non-recurring Expenses (specify)									0
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
4. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
5. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
6. Other non-overhead									0
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
I. Premium Tax & Guar Assoc Assessments	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
J. Total Expenses	0	0	0	0	0	0	0	0	0

Comments / Notes:

2002 SOA Expense Study Worksheet

Expense Units

Appendix 1

	Sample Annuity Product Units							
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	Total
A. New Business - Direct								
1. Policies / Contracts Issued								0
2. First Year Premium Collected								0
3. Single Premium Collected								0
B. Inforce - Direct - Current Year								
1. Policies / Contracts								0
2. Volume (not applicable to annuities)	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
3. Renewal Premium Collected								0
4. Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
C. Inforce - Direct - Previous Year								
1. Policies / Contracts								0
2. Renewal Premium Collected								0
3. Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
D. Contracts Terminated								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
E. Annuity Benefits, excluding Surrenders								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0

Comments / Notes:

2002 SOA Expense Study Worksheet

Expenses

Appendix 1

Function	Sample Annuity Product Expenses							
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	Total
F. Commissions Paid								
1. First Year Commissions								0
2. Single Commissions								0
3. Renewal Commissions								0
G. Acquisition / Developmental Expenses Paid								
1. Sales / Marketing								0
2. UW - IR and ME - Not applicable	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
3. UW - Other - Not applicable	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
4. Policy / Contract Issue								0
5. Product Development								0
6. Other Acquisition - Please list								
a.								0
b.								0
c.								0
d.								0
H. Other Expenses Paid								
1. Benefit Department(s) / Claim Settlement Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
2. Policyowner Services	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
3. Significant Non-recurring Expenses (specify)								
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
4. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
5. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
6. Other non-overhead								
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
I. Premium Tax & Guar Assoc Assessments	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
J. Total Expenses	0	0	0	0	0	0	0	0

Comments / Notes:

Appendix 2 - 2002 Instructions



Committee on Life Insurance Company Expenses 2002 Individual Life and Annuity Expense Study

Purpose and Objectives

While expenses are critical to pricing, policy illustration, financial reporting and performance analysis, actuaries working in these areas have had little in the way of inter-company information in a format that is useful for measuring their company's performance against industry averages or benchmarks. The Committee on Life Insurance Company Expenses was formed in part to address the need to fill this void.

The Committee recently completed its first inter-company expense study for individual life and annuity products for [2001](#). Results indicated that there is sufficient interest to continue this effort.

The objective of the 2002 study is to continue this effort while expanding the level of contributions, to potentially serve as a useful unit expense resource to pricing actuaries and their managements from which to assess their own unit cost performance. In addition, the Committee expects the results to be useful in improving the generation of the Generally Recognized Expense Table (GRET in the U.S.) used by some companies to demonstrate compliance with the NAIC model sales illustration regulation. This study is intended to be completed by U.S. companies and U.S. operations of Canadian companies. A similar study for Canadian companies may be developed at a later date.

Confidentiality

All responses to this survey will be kept completely confidential. Society of Actuaries staff will process the responses and no individual company data will be published. Where comparative results are presented, no companies will be identified.

General Instructions

The study covers all Individual Life and Annuity business including Variable Life and Annuities. Accident and Health and all group business are to be excluded.

While the study asks for expenses to be broken down by distribution system and line of business, the Committee believes that broad participation is critical to the success of the study. Therefore, it is important that you participate in the study even though you may not be able to provide all of the requested detail. However, please indicate to the Committee when transmitting your contribution the information not provided.

This study asks for information by distribution channel and line of business relating to acquisition and policy / contract maintenance activities. Except where otherwise instructed, expenses should be those that are directly incurred by the function described in the line item. Overhead should be recorded in the line items provided for that purpose. **Use your best judgment in determining the appropriate method to allocate expenses among the various distribution channels and lines of business.**

When data for a particular distribution channel is provided, please be sure to include both applicable units and expenses so they can be properly matched. Where you are unable to provide the breakdowns by distribution channel, use the Unallocated column. **If the allocation by line of business is not available, use the Other Life or Other Annuity line of business, as appropriate.**

For Immediate Annuities, units and expenses for structured settlements should not be included. If for some reason, it is not possible to exclude the units and expenses for structured settlements, please note in the comments section how you treated them.

If you find it necessary to deviate from the instructions or use the Unallocated column, please provide an explanation in the area provided for that purpose or *call Steve Siegel at the Society of Actuaries (847-706-3578) or ssiegel@soa.org for instructions.*

Completed worksheets should be e-mailed to Steve Siegel at ssiegel@soa.org

Format

An Excel workbook is being used to collect the data. The tabs at the bottom of the workbook indicate units and expense worksheets for each line of business. You need only fill out the sheets for the lines of business that are applicable to your company. You will not be able to make entries in any cells other than those where data is expected. All other cells are protected. Totals are automatically calculated, where applicable. The width of the columns in the workbook has been left adjustable to make it easier to ensure that the correct figures are inputted (this option is only available in Excel Versions 2002 and later). If you have any problems entering data, please contact Steve Siegel at the above address.

Company Information

Enter the name of your company and the requested information for the primary contact for this study. Place an X in the appropriate box for your Corporate Organization Type. Enter an X in the Yes box for Primarily Burial Life Insurance Company, if your company primarily sells this type of business. Enter the amount of Gross Investment Income and Investment Expenses from Lines 10 and 11, respectively, of Exhibit of Net Investment Income of the NAIC General Account and Separate Account Annual Statement. Please note any characteristics unique to your company that might significantly impact

comparisons with other companies and/or if your company underwent any major changes that would impact your 2002 results in the space provided.

Lines of Business

This study covers all Individual Life and Annuity business including Variable Life and Annuities. Accident and health and all group business are to be excluded. Line of business descriptions are as follows:

- Term - Life insurance policies and riders that are classified as term insurance for purposes of completing the Exhibit of Life Insurance in the NAIC Annual Statement.
- Fixed and Flexible Premium Permanent - Whole life, limited pay life, single premium whole life, interest sensitive life, fixed premium universal life and flexible premium universal life, not included in the other lines of business.
- COLI – Corporate owned life insurance.
- BOLI – Bank owned life insurance.
- Variable Life Insurance – Variable whole life and variable universal life insurance.
- Individual Deferred Annuities – Fixed premium, flexible premium and single premium deferred annuities. Include equity-indexed annuities.
- Individual Immediate Annuities – Annuities for which the annuitant begins receiving periodic payments, usually fixed, within one year. Do not include variable annuities.
- Variable Individual Deferred Annuities – Fixed premium, flexible premium and single premium variable individual deferred annuities.
- Variable Individual Immediate Annuities – Annuities for which the annuitant begins receiving periodic payments within one year which are not fixed, but rather vary with investment results.

Distribution Channel Descriptions

Career	An agency-building system using full-time agents who report to managers who are company employees or general agents who are independent contractors.
--------	--

Brokerage	A system that uses independent producers (brokers) who are contracted with multiple companies. The bulk of their income comes from overrides rather than personal production. This includes managing general agents and independent marketing organizations.
PPGA	A system that uses independent personal producing general agents (PPGAs) who are often contracted with multiple companies. The bulk of their income comes from personal production rather than overrides.
Home service	A system that uses full-time agents who sell industrial, ordinary, and property-casualty products in an assigned territory known as a debit. These agents may be responsible for home collection of renewal premiums.
Multi-line agency	A system that uses full-time agents licensed in property-casualty, life, health, annuities, and equity products and primarily represent one company.
Direct response	Buyer-initiated purchases made in response to direct home office offerings through the mail, media advertising, the company's website as well as purchases resulting from home office or call center-based telemarketing efforts.
Stockbrokers	Individuals licensed by the Securities and Exchange Commission (SEC) working in a wirehouse, or an independent or regional broker dealer.
Financial institutions	Commercial banks, savings banks, savings and loans, credit unions and thrifts that distribute insurance products to their customers. Sales are made by the institution's dedicated sales force, agents of affiliated agencies, or contracted third-party marketers.
Other	Any distribution method that does not fall into one of the categories outlined above.
Unallocated	Use this column if you are unable to segregate your data into the categories shown above.

Expense Units

All expense units reported are for the calendar year 2002. References are to the

NAIC Annual Statement blank. Fraternal companies should use the corresponding lines from the Fraternal blank.

A. New Business - Direct (before reinsurance is deducted)

1. Policies / Contracts Issued - Number of individual policies / contracts issued on direct business. Joint policies should be counted as one policy. Riders should not be included on this line.
2. Volume Issued (Round to 1000s) - For individual life insurance report the initial face amount / sum insured issued before reinsurance is deducted. Include riders that increase the death benefit on the base policy insured(s). **Please round the Volume Issued to 1000s. For instance, 987,654,321,123 should be entered as 987,654,321.** Not applicable for annuities.
3. First Year Premium Collected - First year premium collected included in Exhibit 1, Line 6.1. This should include premiums in excess of UL and VUL target premiums paid in the first policy year.
 - 3a. UL and VUL Dump-in Included in A-3 - Enter the amount of premium included in A-3 that exceeded the target premium (in the first policy year) and for which a lower commission rate was paid.
4. Single Premium Collected - Single premium collected included in Exhibit 1, Line 10.1. This should include any Dump-ins for UL and VUL paid in renewal years and dividends used to purchase paid up insurance.
 - 4a. UL and VUL Dump-in Included in A-4 - Enter the amount of premium included in A-4 that exceeded the target premium and dump-ins and for which a lower commission rate was paid.
 - 4b. Paid-Up Additions Included in A-4 - Enter the amount of single premium included on line A-4 from dividends used to purchase paid-up insurance. Exclude any amount applied to dividend deposits.

B. Inforce - Direct (before reinsurance is deducted) - Current Year

1. Policies / Contracts - Number of individual policies / contracts inforce at the end of the year being reported in the NAIC Policy Exhibit.
2. Volume (Round to 1000s) - For life individual insurance, the face amount / sum insured inforce on direct business as reported in the NAIC Policy Exhibit. **Please round the Volume Inforce to 1000s.** For individual annuities, leave blank.

3. Renewal Premium Collected - Renewal premium collected included in Exhibit 1, Line 16.1.
 4. Reserves or Account Values - For business other than UL, VUL or Annuities, enter the amount of reserves underlying the policies / contracts for each category of business. For UL, VUL and Annuities, enter the account values underlying the policies / contracts for each category of business.
- C. Inforce - Direct (before reinsurance is deducted) - Previous Year (include business in its first policy year that was inforce at the end of the immediately preceding year)
1. Policies / Contracts - Same as B-1 above for the yearend immediately preceding the study.
 2. Volume (Round to 1000s) - Same as B-2 above for the yearend immediately preceding the study. **Please round the Volume Inforce to 1000s.**
 3. Renewal Premium Collected - Same as B-3 above for the yearend immediately preceding the study.
 4. Reserves or Account Values - Same as B-4 above for the yearend immediately preceding the study.
- D. Number of Claims/Number of Contracts Terminated - For Life Insurance, enter the number of claims on which a death benefit was paid. For annuities, enter the number of contracts terminated during the year (include full surrenders in the count, but exclude partial surrenders).

E. Benefits

For life insurance, death benefits paid included in Exhibit 8, Part 2, Line 1.1 of the NAIC Annual Statement, excluding expenses associated with the contested claims. For annuities, annuity Benefits excluding Surrenders (both full and partial surrenders are to be excluded) - Annuity benefits and supplementary contracts paid included in Exhibit 8, Part 2, Line 1.1 of the NAIC Annual Statement.

Expense Type Descriptions

All expenses reported are for the calendar year 2002.

F. Commissions Paid

1. First Year Commissions and Related Expenses - Commissions and related expenses paid included in Exhibit 1, Line 27 of the NAIC Annual Statement. This includes any commissions associated with Dump-in premiums included in 1a.

1a. UL and VUL Dump-in Included in F-1 - Enter the amount of commission included in F-1 that was paid on premium that exceeded the target premium.

2. Single Commissions - Commissions paid included in Exhibit 1, Line 28 of the NAIC Annual Statement. This includes any commissions associated with Dump-in premiums included in 2a.

2a. UL and VUL Dump-in Included in F-2 - Enter the amount of commission included in F-2 that was paid on premium that exceeded the target premium.

3. Renewal Commissions - Commissions paid included in Exhibit 1, Line 29 of the NAIC Annual Statement. Include service fees paid. Include service fees paid. Asset trailing expenses for annuities should also be included.

G. Acquisition Expenses other than commissions

1. Sales / Marketing - All expenses, other than commissions, directly paid in the acquisition of new business, including home office, field office, licensing, sales promotion, etc.
2. Underwriting - Inspection Reports and Medical Exams - All expenses paid for inspection reports, MIB's, blood tests, para-medicals, full medicals and attending physician's statements. **This does not apply to annuities.**
3. Underwriting - All Other - All other expenses paid in relation to underwriting the risk. **This does not apply to annuities.**
4. Policy / Contract Issue - All expenses paid for the preparation and issue of policies or contracts.
5. Product Development – If your company allocates product development expenses as acquisition expenses, enter the amount here. If not, enter 0.
6. Other Acquisition – All other expenses paid directly relating to the acquisition of new business. Do not include any overhead expenses that are included in “Total Overhead” (H.4). Please list separately and describe each significant type of expense included here.

H. Other Expenses (no distribution channel expense splits have been requested)

1. Benefits Department(s) and Claim Settlement Expenses - All expenses paid directly relating to the evaluation and payment of benefits on the underlying life or annuity policies / contracts including internal and external staff, investigation, etc.

2. Policyowner Services - All expenses paid directly relating to the servicing of the underlying life or annuity policies / contracts.
 3. Significant Unusual Non-recurring Expenses - significant unusual expenses paid that are not expected to recur. These expenses may be related, but not limited, to development or purchase of new systems, mergers and acquisitions, demutualizations or large legal judgments. Indicate the type of expense included. Only include such an expense if it is greater than 2% of total expenses for the line of business.
 4. Total Overhead – Expenses that are not directly related to the acquisition or maintenance of policies / contracts.
 5. Amount of Total Overhead Allocable to Acquisition – In the pricing process, some companies allocate a certain portion of the total overhead expenses as part of their acquisition costs. If applicable, please note how much of this is included in H. 4. Total Overhead.
 6. Other Non-overhead – All other expenses paid. Please list and describe each such expense separately.
- I. Premium Tax and Guarantee Association Assessments - Premium taxes paid and guarantee association assessments paid (no distribution channel expense splits have been requested).
 - J. Total Expenses - Should equal the sum of F through I. Note that this should not be entered.