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CORPORATE-OWNED LIFE INSURANCE

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- o Tax considerations
- o Compensation flexibility
- o Policyholder administrative concerns
- o Impact of low interest rates

MR. PHILIP J. BIELUCH: June 20, 1986 was a significant day in the corporate-owned life insurance business. In the early evening hours, tax breaks for the handicapped were in, at the expense of leveraged corporate-owned life insurance. There was much industry and agent lobbying throughout the summer to extend the grandfathering date, with rumors of an August 16th date. The industry pushed for a December 31, 1987 date which caused influential congressmen to fight any change. The result was to get no change. Much of the summer of 1986 was devoted to closing sales purchased by June 20th. Finally, in the fall of last year, the industry started to focus on new products.

Ed Stoeber will discuss some of the traps remaining in Tax Reform '86, and I will discuss some of these new products while Daphne Bartlett will discuss home office matters.

MR. EDWARD A. STOEBER: Instead of completely disallowing the interest deduction for loans on life insurance policies owned by businesses, Section 264(a)(4) limits deductibility. While this limitation is often referred to as a

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corporate provision, Section 264(a)(4), which is set out below, also applies to sole proprietorships, partnerships, and S corporations.

> (a) General Rule: No deduction shall be allowed for
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> > (4) Any interest paid or accrued on any indebtedness with respect to one or more life insurance policies owned by the taxpayer covering the life of any individual who
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> > > (A) is an officer or employee of; or
> > >
> > > (B) is financially interested in;
> >
> > any trade or business carried on by the taxpayer to the extent that the aggregate amount of such indebtedness with respect to policies covering such individual exceeds $50,000.
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> > Paragraph (2) shall apply in respect of annuity contracts only as to contracts purchased after March 1, 1954. Paragraph (3) shall apply only in respect of contracts purchased after August 6, 1963. Paragraph (4) shall apply with respect to contracts purchased after June 20, 1986.

At first blush, the word *purchased* seems inappropriate with respect to more familiar life insurance terms such as *paid for*, *issue date*, *applied for*, and *registry date*. However, Section 264(a)(3) as enacted in 1963, provides that "Paragraph (3) shall apply only in respect of contracts purchased after August 6, 1963." Treas. Reg. Sec. 1.264-(4)(e) does not elaborate on the word *purchased* in stating that: "The rules of this section apply with respect to taxable years beginning after December 31, 1963, but only with respect to contracts purchased after August 6, 1963. With respect to contracts entered into on or before August 6, 1963, but purchased or acquired whether from the insurer, insured, or any other person (other than by gift, bequest, or inheritance, or in a transaction to which Section 381(a) of the Code applies) after such date, the rules of this section apply after such purchase or acquisition."

The language of the above regulation appears to remove the grandfathering of a life insurance contract entered into on or before August 6, 1963, if the contract is transferred after that date, with the exceptions noted. Nevertheless, the question remains as to the interpretation of *purchased* under new Section 264(a)(4). Pending clarification by the Treasury Department or the staff of the Joint Committee on Taxation, the best we can do is to make an educated guess.

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The now famous colloquy between Senators Packwood and Dole regarding this new provision has been interpreted to permit the following transactions for policies purchased prior to June 21, 1986: change in policy ownership; exercise of a contractual policy right, including substitution of an insured under an exchange option rider, but excluding a conversion to term insurance; change in administration provisions, loan rates, or any other nonmajor policy and the exchange of one policy for another policy with the same insurer. The senators also indicated that an interest deduction on normal business indebtedness would not be disallowed "merely because the taxpayer has purchased a cash-value life insurance policy or has later used the policy as collateral for borrowing other than to carry the policy." Finally, a policy will be deemed to have been purchased on or before June 20, 1986, if it was applied for or the insurer was committed to issue it before that date. Unfortunately, Representative Rostenkowski does not agree that all of the policy acts stated in this colloquy will be acceptable. In view of these uncertainties, policies purchased prior to June 21, 1986, should not be sold, exchanged, or transferred until further information is available.

The Conference Committee Report in discussing Section 264(a)(4) stated that the $50,000 limit per officer or employee is to be determined on an aggregate basis for each such person in all trades or businesses. This means that the $50,000 limit cannot be increased if the insured is involved in two or more businesses of the taxpayer. In the case of an affiliated group of corporations, the affiliated group will be regarded as one taxpayer. A similar rule will apply in the event of common ownership of unincorporated trades or businesses. The Conferees do not recognize a trade or business exception to this $50,000 loan cap, so that the interest on loans over $50,000 will be nondeductible even if the loan proceeds are used directly in the business. This position seems to contradict the senate colloquy and is also contrary to the trade or business exception contained in current regulations.

The $50,000 loan restriction will have a detrimental effect on the use of substantial amounts of corporate-owned life insurance for cost recovery in funding nonqualified deferred compensation and other fringe benefits.

An example under previous tax law: Ace Corporation which is in a 46% tax bracket, purchased an interest-sensitive whole life insurance policy with a

current loan rate of 12%. Insurer credits 11.25% so that cost to corporation is only 75 basis points. Corporation's after-tax cost is 6.48% with loan proceeds credited at 11.25% for a gain of 4.77% plus the use of the borrowed funds.

This arbitrage was most attractive.

However, the use of corporate-owned life insurance is still advantageous where loans are capped at $50,000 with premiums paid on a vanishing premium basis. While the corporation's internal rate of return on the death proceeds will decrease as compared to a fully borrowed policy, a corporation will often prefer the guarantees of life insurance to alternative methods of funding which do not provide guarantees. Split-dollar insurance plans will also be affected by Section 264(a)(4) when the corporation wishes to deduct interest on policy loans. Since Section 264(a)(4) refers to the owner of the policy, the endorsement form of split-dollar under which the corporation is the policyowner falls within this Code provision. Under the collateral assignment form of split-dollar, the insured employee is the policyowner with the corporation as collateral assignee. If the collateral assignment gives sole control over the cash values to the corporation, the latter should be regarded as the owner of the cash values for purposes of deductibility of interest on policy loans. Otherwise, it would be inconsistent to argue that the corporation is the owner of the policy for deductibility of interest payments but not for purposes of the $50,000 loan restriction.

The corporate alternative minimum tax, effective for taxable years beginning after December 31, 1986, must now be considered whenever a C corporation owns any type of life insurance. The principal purpose of the alternative minimum tax is to ensure that a portion of financial statement or book income is included in the tax base. Thus, each year, a corporation must compute its tax liability under both the regular federal income tax and the alternative minimum tax; whichever tax is greater will be the amount actually payable by the corporation. Beginning in 1990, the book income approach is replaced by an earnings and profits adjustment referred to as adjusted current earnings. If it applies, the alternative minimum tax is applied at a flat rate of 20%. Thus, it may have the effect of imposing a tax on some corporations which have previously paid little or no tax under prior law.

The general method for computing the corporate alternative minimum tax is to begin with regular taxable income. That amount is increased by certain specified tax preferences and increased or decreased through other adjustments. The result is an amount known as alternative minimum taxable income which is reduced by any allowable exemption so that the balance is taxed at 20%. If the alternative minimum tax payable exceeds the corporation's regular tax, the excess becomes a credit that may be used to reduce a portion of the corporation's regular tax in later years. Since there is a narrow 14% spread between the maximum corporate tax rate of 34% and the 20% alternate minimum tax, a small amount of preferences or adjustments can trigger the alternative tax. After all of the adjustments and preferences have been made, the amount of alternative minimum taxable income is reduced by a $40,000 exemption. Thus, smaller corporations will not usually be subject to the alternative tax of 20%. However, larger corporations lose the benefit of the $40,000 exemption by an amount equal to 25% of alternative minimum taxable income over $150,000; i.e., there is no exemption when alternative minimum taxable income exceeds $310,000.

The major concern of life insurance agents and financial planners is the requirement that 50% of adjusted net book income in excess of alternative minimum taxable income be added to the alternative minimum tax base. The definition of book income is based on the corporation's applicable financial statement. Since many corporations, particularly closely held types, do not prepare financial statements that are audited and available to the public, the Code sets forth the following sources of statements in order of priority:

1. Financial statements filed with the Securities and Exchange Commission;

2. Financial statements that have been used as a report or statement for credit purposes, issued to shareholders, or used for any other substantial nontax purposes and that have been audited and certified by a CPA;

3. Financial statements provided to the federal government or its agencies;

4. Financial statements provided to a state government or its agencies (or a political subdivision);

5. A noncertified report or financial statement actually used for credit purposes, sent to shareholders, or used for any other substantial nontax purpose.

The book income preference for 1987 through 1989 is designed to account for those items not specifically designated as tax preferences or adjustments. Thus, book income preference will be increased by any transaction that reduces taxable income but not financial statement income or that increases financial statement income but not taxable income. For example, where a corporation owns a cash value life insurance policy and the annual increase in cash value exceeds the premium for that year, an increase in book income is likely to result. Similarly, the receipt of income tax-free life insurance proceeds at the insured's death, in excess of the cash value or total premium paid (term insurance), results in an increase in earnings and profits and book income. Since only 50% of the book income in excess of alternative minimum taxable income is considered, the net effect of the 20% tax on 50% of book income is a 10% tax on the cash value book income or death proceeds in excess of cash values. Conversely, the book income preference will be reduced by any item that reduces financial statement income more than taxable income. An example of this adjustment would be a corporate premium payment in excess of the increase in cash value for that year.

Beginning in 1990, the book income adjustment is replaced by the use of adjusted current earnings. While this term is not identical to the corporation's earnings and profits, it does reflect some of the concepts used in determining earnings and profits. Where adjusted current earnings are in excess of alternative minimum taxable income, 75% of the excess increases alternative minimum taxable income for purposes of determining the alternative minimum tax. Section 56(g)(4)(B)(ii) provides that, for purposes of computing earnings and profits, the income on a corporate-owned life insurance contract as determined under Section 7702(g) shall be treated as includible in gross income less a deduction for insurance coverage. Income on a life insurance contract refers to the excess of the sum of the increase in the net surrender value during the year and the cost of life insurance protection less the premiums paid without reduction for any dividends. This Code section does not specifically include the excess of the death proceeds over the cash value or total premiums paid in the calculation of the corporation's adjusted current earnings and profits. Such excess, which increases the earnings and profits under generally accepted accounting

principles, will be included in gross income for purposes of determining alternative minimum taxable income.

Example: B-B Corporation has taxable income of $100,000 for 1988. Its prebook alternative minimum taxable income is also $100,000. Upon the death of an executive, B-B Corporation receives $300,000 of tax-free life insurance proceeds (cash value is $50,000) of which $250,000 is added to earnings and profits. The book income preference which is added to alternative minimum taxable income is 50% of the amount by which adjusted net book income exceeds prebook alternative minimum taxable income. When we add $250,000 to $100,000, the total of $350,000 is adjusted net book income. Then, 50% of the difference between $350,000 and $100,000 or $125,000 is added to alternative minimum taxable income of $100,000 for a total of $225,000. The flat $40,000 exemption is reduced to the extent of 25% of alternative minimum taxable income in excess of $150,000. Thus, the $40,000 exemption is reduced to $21,250, [$40,000 less 25% ($225,000-$150,000).] The final amount of alternative minimum taxable income is $203,750 ($225,000 - $21,250).

Taxable income	$100,000
Federal income tax	22,250
Alternative minimum taxable income	203,750
Alternative tax (20%)	40,750

Since the alternative minimum tax exceeds the corporation's regular tax by $18,500, the corporation's total tax liability is $40,750. This additional tax of $18,500 is only 6.16% of the total insurance proceeds of $300,000. One favorable feature is that the tax of $18,500 becomes a credit that is available to offset a portion of the corporation's regular tax in later years.

MR. BIELUCH: The leveraged product that was sold last year has been redesigned. These new products generally referred to as COLI II respond to the need for many small policies to be issued to achieve the same after-tax results available prior to June 20, 1986.

These policies typically have low minimum premiums per covered life allowing the $50,000 policy loan limit for deductible policy loan interest to be reached over a long period of time.

These cases require significant case sizes to make the business profitable for the insurance carrier necessitating a minimum case size of $1 million of annual premium.

The compensation paid to the marketing organizations have been reduced to the 5% to 10% level. These may also be paid as tax-deductible fees for greater efficiencies. These fees tend to be greater than typical pension plan fees. One example of fees for a 5,000 life group is $1 million per year for 3 years, $500,000 thereafter.

These lower commissions or fees allow the insurance carrier to provide high early-year cash values. A cash value at the end of the first year equal to 100% of the premium is possible. These high cash values allow the purchaser to borrow the first 3 premiums. The 4th through the 7th premiums may be paid in cash or by cashing in paid-up additions bought by dividends.

These policies tend to be limited pay with $50,000 divided by the annual premium per individual defining the years to pay in the contract. These contracts are fixed premium, with universal life mechanics, with the years to pay defined before policy issuance.

Companies are also showing a current spread which is significantly reduced from the spread guaranteed in the contract. The difference between the policy loan interest rate and the interest credited on loaned cash values is reduced to 50 basis points or less on a current basis. There is one company that has no spread above $50,000 of policy loan per life. I am not aware of how this company plans to charge for any surplus ratio on these policy loan assets.

Increasing death benefits still maximize rates of return, but the effect is reduced since most of these products experience rate the cost of insurance. Retention charge percentages, and the item to which the percentage is applied, vary by company.

Insurance company revenue no longer equals premium, but it equals expense charges plus cost of insurance retention plus interest margins.

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Whole life accumulation products -- universal life and excess interest whole life are also sold to corporations. Typically, the death benefit is guaranteed increasing, linked to a salary scale and possibly adjusted yearly to match pay increases. The premium is either level or increasing at a rate to allow the insurance cost to be a level percentage of pay. Other features found in these products are low current alternative paid-up purchase rates, simplified underwriting, and group administration.

The primary advantage of the single premium whole life product is the ability of a corporation to shelter interest accumulations from current corporate taxation. This allows corporations to move interest earnings across periods. This tax shelter was removed from corporate-owned deferred annuities by the Tax Reform Act of 1986.

The products have no balance sheet effect which is important for some corporate buyers.

Variable life is being proposed, with the insurance company's recent past investment performance highlighted. A sustained drop in the stock market could dampen these sales.

I would like to discuss the development of low commission, one-year term products for use as alternates to the government's PS58 rates. A company needs to be willing to issue these products and needs real uses for these products. These real uses may include: (1) insurance to cover the additional estate tax for death within 3 years after a gift; (2) cheap term to beat a brokerage company's one-year term product; (3) cover for short-term loans. These products should be included in a ratebook or published on a ratecard and the insurance carrier should develop a meaningful in force.

First-year rates of a select and ultimate term product seem to be usable for all durations.

The industry is divided on whether to include the policy fee and the effect of any premium banding or plan minimums, but these should be avoided. Private Letter Ruling 8547008 advises that these rates should be on a unismoke basis.

The product should be a one-year term, not graded premium whole life. The ideal product is probably a 3 to 5-year term product with no conversion allowed. These developed rates should be compared to the IRS uniform premium cost table with the ideal rate being 40% of this table. Special attention should be given to the older ages. The PS58 table ends at age 81, so term rates are needed beyond this age. New York companies should remember that a one-year term is allowed beyond age 70 in business situations. These rates should not be solely published as alternate PS58 rates, as I have seen one company do.

Private Letter Ruling 8708090 has reaffirmed that the tax to an employee at the time an annuity is transferred to him from a corporation is the cash value.

A tax-exempt organization could provide greater amounts of deferred compensation to its executives than the new Section 457 limits of the Tax Reform Act of 1986 allows, by buying these annuities [Section 403(C) Annuities] on their executives' lives and transferring the ownership to the executives at a later date. These organizations have little other choice for deferred compensation. This transfer would result in zero taxable income at the time of transfer. Of course, the entire payout is taxable.

These annuities are flexible in payout, may be sold on a salary reduction approach, and may provide for either a cash refund or installment refund on death prior to payout. They are legal in most states provided that they never allow for a lump sum settlement. They are similar to a structured settlement annuity, but should be issued on an individual contract form.

Split dollar is more efficient to an executive than a discriminatory group term life plan. The employee should keep the first $50,000 as group term life. The employee then pays (or is bonused) the alternate PS58 rates. This employee could get a cash value at retirement equal to his PS58 contributions paid to retirement. This cash value can buy significant post-retirement insurance guaranteed for life on a current alternative paid-up purchase rate. The cost to the corporation is the lost interest on the corporate premium.

With reverse split dollar the employer pays the standard PS58 rates. The employee pays the remainder of the premium. Typically the employee would only

have to pay his premium for 6 to 8 years yet would own the entire cash value. This sale is similar to the two-policy Section 79 sale of the late 1970s.

Providing future cash flows is typically a COLI sale sold as keyman insurance. The marketer determines the amount of shelter desired and sets a premium per insured based upon the shelter divided by the number of people to insure. Fifty-thousand dollars divided by this premium per insured dictates the number of years premiums are paid.

The marketer also determines whether a maximum loan should be taken all years after the first seven to provide the best cash flows out of the insurance policy, or whether the borrowing should be limited to $50,000 to provide the best balance sheet effect and long-term earnings.

Funding post-retirement welfare benefits is not funding in the traditional sense, but an attempt to provide cash flows which can be used to pay post-retirement welfare benefits. Typically, these programs are designed to insure large populations in a pension plan such as the vested active pension plan participants. This is a large percentage of the work force in a mature industry. This choice of population would also allow the corporation to keep the insurance in force after an individual leaves employment, avoiding a need for a transfer of insureds provision. A concern in this area is insurable interest. This concern varies by state. For example, Michigan states that a corporation has an insurable interest in whoever receives a W-2 from it. The law in Georgia was changed this year to remove the requirement of consent of the employee to be insured before a corporation can buy insurance on the lives of him or her. These consent issues lead insurance companies to require the insured's signature on the insurance application.

Policy administration and plan administration need to be able to handle the large number of policies and transactions involved. The insurance carrier must be comfortable with how it is going to pay death claims in a situation where death certificates probably will not be available.

Compensation tends to be low with a tax-deductible fee-for-service gaining in popularity. On an after-tax basis, a fee is more efficient than charging a higher premium since policy loans are limited to $50,000 per life.

Rates of return are shown before and after fees. The actual fee level is usually driven down by the benefits consultant for the client. The benefits consultant will also compare producer compensation with the service performed. One example of a fee schedule is as follows:

$50,000 Base Fee
$150 Per Life First 1,000 Lives
$100 Per Life Next 9,000 Lives
$50 Per Life Thereafter
Doubled First Three Years.

These fees appear to compensate for more than plan administration.

MS. DAPHNE D. BARTLETT: My introduction to corporate-owned life insurance occurred about 18 months ago. Probably the most overwhelming impression I have about the marketplace is that it devours home office resources: computer systems, marketing staff, operations people and actuaries. As a consequence, I have some observations about today's marketplace and the current life insurance company response to it that I would like to share with you. I am speaking from a rather limited perspective -- that of a mutual company actuary. At present, we only issue individual participating policies in this marketplace, and we don't have universal life contracts. Despite this, Northwestern Mutual has been in the executive benefit market for many years, using traditional products designed primarily for the personal market. Only recently have we designed products specifically for the corporate market. It wasn't necessary to do this in the past; it is essential to do this today if you want to be a player in this highly competitive game. And you need a different mind-set from that used in the personal market, since, generally, life insurance is not used to provide direct benefits to individuals. Instead, it is used as a funding vehicle to help corporations recover the costs of benefits they provide to the individuals.

I'd first like to comment on product design. The rapid changes in the environment for corporate-owned life insurance have resulted in the need for a very fast product response and also for increasing sophistication in product design. I believe that our designs may be getting so complex that they will not be fully understood by our producers, our customers, and, most particularly, by the people who have to work on them in the home office.

The new product we recently introduced specifically designed for the corporate market is known as Corporate CompLife. It consists of three primary components which can be mixed in varying amounts to achieve whatever objective is desired for a plan. The components are: annual premium whole life, single premium whole life in the form of paid-up additions, and yearly renewable term. Each of these components is participating. The exciting thing about this new product is that, for a level premium, the death benefit structure can be designed to exactly match the varying annual needs of the plan, assuming all the assumptions made at issue are realized. What this means is that the total death benefit varies each policy year in an amount determined such that there is no gain to the corporation on death of the insured whenever it occurs. This eliminates unneeded benefits and thus reduces the cost to the corporation. As you might suspect, the illustration system needed to derive the death benefit schedule which matches the need is extremely complex. Currently, our product has been installed only on the illustration system developed by Compensation Resources, Incorporated (CRI), and on a rather primitive backup system in the home office. Our agents must use CRI to determine the plan structure they need. When the sale has been made, the actual death benefit schedule is transmitted electronically by CRI to our home office computers in order for the case to be issued. The installation and checking for accuracy of this product in CRI and in our home office system, as well as linkage between the two, has been extremely time consuming and difficult and illustrations will not be cheap. As I indicated earlier, I believe we have gone about as far as we can go in terms of complexity.

Our marketing people, however, had different ideas. No sooner was our new product installed than it was suggested that we make it more flexible in order that unscheduled increases in death benefit could occur in years after issue.

With our product design this would have been quite difficult to implement in our administrative system. Fortunately, a few careful questions yielded the true objective of the request. There was concern about the need to reunderwrite every year or every few years to keep the case up-to-date. All that was really wanted was some kind of guaranteed insurability feature which would allow additional coverage to be purchased within reasonable limits to cover salary increases and other deviations resulting from changes in the dividend scale. We have decided to address this by means of a group-type rider which will link all

the individual policies in the case together, guaranteeing appropriate increases, without evidence, on an all or nothing basis -- increased coverage is accepted on all employees, or the rider expires.

This group rider approach has already proven very useful to us. A rider of this type was developed to use instead of a *honeymoon letter*. This is an agreement between the insurer and the corporation to reverse the entire transaction at the corporation's request during the first three years, with one-year-term premiums being charged for the cost of insurance. We were concerned about the equity of providing honeymoon letters in cases where they were requested and not providing them in others, since, in effect, we would be providing higher cash values when the letter was present than when it wasn't. Yet, we were not willing to provide them to all of our cases automatically. The rider provided a perfect solution. We charge a premium for each honeymoon letter. This covers the cost of the difference in cash values. The rider ties the policies in each case together so that reversal could not be requested only with respect to the healthy lives; and it clearly specifies the term premiums to be used for each individual life. In effect, the rider has allowed us to turn a series of individual, independent policies into a group. For our company, this approach is far less complicated than other possible alternatives.

The corporate marketplace today is even more extensively computer driven than the personal market. Companies need to be concerned about a lot more than just the day-to-day, routine administration of the complex products we have designed.

We have to worry about supporting our producers with highly sophisticated sales illustrations and, in today's environment of declining interest rates, there is going to be a vital need for reillustration facilities down the road. It will be very important to know the original plan design and how everything looks after a period of time has passed. Our company has made the determination that we need to provide both illustrations and reillustration facilities for our field force from the home office. Both will be tailored to the specific requirements of the corporate market, rather than an expansion of our existing personal market systems. We are in the process of designing a system which, at least in the short term, will, we hope, completely satisfy the vast majority of our producers in this market, and will service a very high percentage of the needs of our big

hitters. It is our possibly naive hope that, eventually, we will not need to devote resources to implement our products in the systems offered by vendors. Currently, most producers are conscientiously administering and servicing the plans they have sold. With the increasing complexity of product, are they going to be willing to do this in the future? If they don't, who will?

The ultimate responsibility for service, whether we like it or not, lies with the insurer. And we are concerned that, at some point down the road, the increasing cost of servicing the new, highly complex products will be more than all but the largest producers can handle. We are already seeing some requests for us to assist in service on cases sold many years ago. So, we are also starting the development of an in-house service system in order that we will be ready to handle service of our own products from the point of sale.

One could consider that the word *product* in the corporate market means more than just a collection of policy provisions. *Product* today consists of all aspects of what the company provides: policy provisions of course, but also illustration systems, underwriting, billing, automatic loan procedures, etc. At some point down the road, I can envision our illustration, reillustration, service and policy administration systems all tied together in a manner that provides our customers with a complete product. Perhaps, we have made a start.

Finally, I'd like to make a few comments about the assumptions used in current sales illustrations for the corporate market and the actual experience that is developing in our current environment of declining interest rates and potentially worsening mortality.

What does this mean for the plans that we have designed and sold? How many of our clients will find it necessary down the road to put more money into their programs? Most large producers appear to be extremely responsible in this area today. Although our current dividend interest rate is 11%, our agents are requesting illustrations at much lower interest rates. This is particularly important with our Corporate CompLife product, where the amount of insurance required differs dramatically depending on the dividend interest rate assumption used. Usually, benefit structures are designed at a lower interest rate, in order to be conservative and reduce the likelihood that additional premiums will be needed in the future. I am not as confident that this conservatism existed in

plans designed a few years ago when interest rates were increasing, or even that it exists today with respect to our less sophisticated producers in this market. And at some point, AIDS will also influence our dividend scale. Plans sold today should probably be reflecting this, but they aren't. Perhaps it's time to start to find a way to illustrate a variety of mortality assumptions, as well as interest assumptions. I see another new project for this continually exciting and challenging area.