

2006 Individual Life and Annuity Expense Study

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Executive Summary

The Society of Actuaries' Committee on Life Insurance Company Expenses (CLICE) has developed and conducted inter-company expense experience studies since 2001. This report documents the results of the Committee's sixth expense study—the 2006 SOA Individual Life and Annuity Expense Study.

The Committee distributed a call to life insurance companies for contributions of 2006 calendar year expense data. Contributions of individual life and annuity expense data were received from 24 U.S. life insurance companies.

A Per Policy Index is used to facilitate the comparison of first year expenses (excluding commissions and premium taxes) among contributors. Similarly, a Per Policy *Inforce* Index is used to compare operating expenses (excluding commissions, termination expenses, premium taxes, and for annuities, annuity payout expenses). These two indices provide the reader with a high level basis for making comparisons and should be reviewed first. Additional measures are available within the report for those interested in more detailed unit costs. As recognition of their participation, special reports with individually tailored results were produced for contributing companies.

Comparison of 2005 and 2006 Per Policy Index Unit Costs For Companies Contributing to both 2005 and 2006 Studies

Products		Year	First Year*			Inforce#		
			25% Percentile	Weighted Average**	75% Percentile	25% Percentile	Weighted Average	75% Percentile
Life	Term	2005	\$328	\$427	\$702	\$45	\$57	\$75
		2006	348	407	711	47	55	79
	Permanent	2005	358	927	780	48	62	94
		2006	354	1,062	787	45	61	86
	Variable	2005	570	1,262	1,882	112	244	465
		2006	521	870	1,574	151	213	423
Annuities	Fixed	2005	\$299	\$587	\$685	\$56	\$95	\$112
	Deferred	2006	284	698	857	54	106	95
	Fixed	2005	195	407	997	46	148	125
	Immediate	2006	293	639	1,839	54	125	101
	Variable	2005	501	651	690	120	130	241
	Deferred	2006	554	579	725	117	134	188
*Excludes commissions and premium taxes #Excludes commissions, premium taxes, termination expenses and contract expenses during payout period **See Data Issue 7 on page 7 for an explanation of why some weighted average figures are greater than the 75 th percentile.								

Due to differences in expense allocation practice among contributing companies, the mix of companies that contributed, and the limited number of contributors in certain product/channel categories, the results of this study, and particularly comparisons by year, product, distribution channel, and company size, should be viewed with caution.

Nevertheless, the figures shown in the above table and tables and graphs in this report provide companies with points and trends for use in evaluating their own expense levels and trends.

The committee has distributed a request for, and is receiving contributions to the 2007 study, which will further continue this annual effort. 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, Barbara Scott and Steve Siegel, who were responsible for much of the work of producing the study.

Companies interested in contributing to future expense studies and receiving from the Society of Actuaries the special analyses provided to contributors should contact Steve Siegel at the Society's office.

Section 1: Description of Data Received from Contributors

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

Contributors were also asked to separately identify any non-recurring expenses of significant size (in excess of 2.0% of total expenses) with their data submission. These non-recurring expenses totaled about 0.1% of total expenses for life insurance and 0.1% of total expenses for annuities. The tables in the results section include all non-recurring expenses. No further evaluation was conducted of these expenses.

Contributors were asked to provide expense study 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). Contributors were also asked to provide Universal Life (UL) data detail separately. A separate analysis of this UL data is planned as a follow-up to this report.
- 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 was aggregated and unit cost calculations were developed. As part of the aggregation process, a series of data integrity checks was performed and contributors were contacted to resolve missing or anomalous data. The contributed data was then refined over the course of several months.

In some instances, there was insufficient data to provide unit cost calculations for particular products and distribution channels. For the impacted distribution channels, the expenses and units are only included in the totals category, rather than separately shown as a specific channel.

The 24 companies (listed in Section 4) that contributed data to the 2006 study had \$4.3 B of life insurance expenses, \$16.4 B of life insurance premium,

\$1.9 B of annuity expenses and \$20.7 B of annuity premium. As compared to total industry, these amounts constitute approximately 14% of individual life insurance premium and 11% of individual 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. As mentioned, further analysis of Universal Life expenses data is planned.

For this study, these were combined with single premiums for calculation purposes. The table below presents the total amount (\$000,000s) of the dump-ins and corresponding dump-in commissions reported by the contributors for the applicable life insurance products.

	Product	
	Individual Permanent Life	Individual Variable Life
Dump-ins	\$ 413 M	\$ 160 M
Dump-in Commissions	\$ 11.9 M (2.8%)	\$ 2.1 M (1.3%)
First Year Premiums*	\$1,469 M	\$ 233 M
First Year Commissions*	\$ 689 M (46.9%)	\$ 111 M (47.6%)

*Includes Dump-ins

Section 2: Data Issues

As part of the data cleansing process, a series of data checks were conducted. Overall, the quality of the data has consistently improved since the initiation of the study in 2001. This is, in part, as a result of repeating contributors who have become more familiar with the process and the data requirements of the study. In addition, the data checks have become more sophisticated based on prior years' experience. The data issues encountered this year are similar to prior years:

- 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. If a pro-rata solution did not prove to be reasonable, the missing units or expenses were handled on an individual basis and a decision was made regarding whether to include the data in the study results.
- 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 of contributor experience. In addition, there continues to be an insufficient number of contributors with COLI, BOLI, or Variable Immediate Annuity experience to publish results for these product categories. It is hoped that a sufficient number of contributors will provide data next year for these categories.
- 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 evident for Variable products. The primary explanations for this variation included the recent introduction of this product line by a company, resulting in relatively high unit expenses or a small number of policies sold and inforce. When a valid explanation for the unit costs was obtained from the contributor, the data was retained. Otherwise, the data was eliminated for the study.
- 4. Claim/Surrender/Lapse Expenses**— Several contributors did not include the number of claims, surrenders or lapses and/or applicable expenses needed to derive the Per Termination, Per Claim, and Per Annuitized Contract unit costs. Where possible, units or expenses were imputed for these contributors based on the study averages (for those that did submit such data). For life products, an insufficient number of contributors provided surrender and lapse information for this purpose. Consequently, an explicit unit cost for surrender and lapse expense could not be developed. Surrender and lapse expenses are included in the Per

Policy Inforce calculation for life products. For annuity products, more credible surrender and lapse information was submitted which is the basis of the Per Termination calculation.

5. **Premium Tax**— Several companies were unable to provide Premium Tax data 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.
7. **High Weighted Average Per Policy Index Figures for Certain Products**— For certain products, it was observed that the weighted average for the Per Policy Index is greater than the 75th percentile. These skewed values are caused by several contributors with much higher expenses on a per policy basis than the majority of other contributors. These results may have been caused by an undercount of policies or expense misallocation by a limited number of contributors. Nevertheless, after discussion with these contributors, it was decided to include their data for purposes of the study. However, for these products, the unweighted average or median is likely to be a better measure for benchmarking purposes.
8. **Weighted Average for First Year Commission Percentage on Term Life Insurance through the Career Distribution** – The weighted average value of the First Year Commission percentage for the Term Life Career category appeared lower than expected. After a detailed examination, it was noted that two companies with Term Life Career expense data had unusually low first year commissions and also had the second and third ranked highest premium for that category. As a result, the weighted average for this category appears lower than the 25th percentile. In this instance, the median may be a more appropriate benchmark to use for comparison purposes.
9. **Unweighted Average for Permanent Life Career Distribution Per Policy Index** – There are two companies with unusually high Per Policy Index figures for the Permanent Life Career distribution. As a result, these companies caused the unweighted average of the Per Policy Index to be higher than the 75th percentile. In this instance, the weighted average is likely to be a more appropriate benchmark for comparison purposes.
10. **Weighted Average of the Per Policy Index for Career vs Brokerage Distributions for Fixed Deferred Annuities** – There is a significant difference in the weighted average of the Per Policy Index for the Career versus Brokerage distributions for Fixed Deferred Annuities. The explanation is that there is one company with very large Career distribution expenses that is causing a relatively high Per Policy Index weighted average

11. **Asset Trail Commissions for Annuity Products** – Several companies included asset trail commissions with their reported Renewal Premium Commissions. As a result, the Renewal Premium Commission percentage is relatively higher for these companies. This raises the overall company averages for the Fixed Deferred and Variable Deferred Annuity products.

12. **Variable Life Per Policy Index Trend from 2005 to 2006** – One company with a large Per Policy Index decreased its Per Policy Index significantly from 2005 to 2006. This had a substantial effect on the resulting weighted average for 2006 for this category and explains the significant decrease in trend for Variable Life.

13. **Fixed Immediate Annuities Per Policy Index Trend from 2005 to 2006 for the 75th Percentile** – The trend exhibits show a substantial increase in the Per Policy Index for the 75th percentile of Fixed Immediate Annuities. This is the result of three companies that reported substantial increases in their expenses, which, in turn, drives the overall average.

Section 3: Description of Unit Cost Formulas Used

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

Life Insurance Products

Acquisition

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

Per 1000 Issued= (Underwriting – Inspection Reports and Medical Exams +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)

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

Single Premium Commission Expense= (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 Premiums 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)

Per Premium (Includes Single Premium) Index (see Table 17) = (Sum of the numerators (expenses) for the Per Policy Issued, Per 1000 Issued and Percent of First Year Premium Calculations) / (First Year Premium Collected + Single Premium Collected)

Per Premium (First Year Premium Basis Only) Index (see Table 17) = (Sum of the numerators (expenses) for the Per Policy Issued, Per 1000 Issued and Percent of First Year Premium Calculations) / (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 1,000 Issued Index= (Sum of the numerators (expenses) for the Per Policy Issued, Per 1000 Issued and Percent of First Year Premium Calculations) / (Total Volume Issued)

Non-Acquisition

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

Premium Tax= (Premium Tax & Guarantee Association Assessments) / (First Year Premium Collected + Single Premium Collected + Renewal Premium Collected)

Per Claim= (Benefit Department(s) and Claim Settlement Expenses) / (Number of Claims)

Per Policy Inforce= (Policyowner Services + Surrender and Lapse Expenses + Significant Non-recurring Expenses + Total Overhead + Other non-overhead) / (0.5 * Policies and Contracts Current Year + 0.5 * Policies and Contracts Previous Year)

Annuity Products

Acquisition

Per Policy Issued= (Policy and Contract Issue + 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)

Per Premium Index (see Table 17) = (Sum of the numerators (expenses) for the Per Policy Issued and Percent of First Year Premium Calculations) / (First Year Premium Collected + Single Premium Collected)

Percent of First Year Premium/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 Commissions) / (First Year Premium Collected + Single Premium Collected)

Non-Acquisition

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

Premium Tax= (Premium Tax & Guarantee Association Assessments) / (First Year Premium Collected + Single Premium Collected + Renewal Premium Collected)

Per Termination= (Surrender and Lapse Expenses) / (Number of Surrender and Lapses)

Per Annuitized Contract= (Benefit Department(s) and Claim Settlement Expenses / (Number of Annuity Contracts on which a Periodic Payment was made)

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

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.

Participating Companies

Allstate Financial	Lafayette Life
American Family Life Insurance	Liberty Life of Boston
American United Life Insurance	MassMutual Financial Group
Cincinnati Life Insurance	Minnesota Life
Columbus Life Insurance	Ohio National Financial Services
EquiTrust Life Insurance	Penn Mutual Life
Farm Family Life Insurance	Physicians Life
Farmers New World Life Insurance	State Farm Life Insurance
Guardian Life Insurance	United Farm Family Life
Horace Mann	United Home Life Insurance
Illinois Mutual Life	Western-Southern Life Assurance
Jackson National Life Insurance	Western and Southern Life Insurance

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: The 25th Percentile and 75th Percentile are only shown if at least 6 companies provided data for that product-distribution channel. If a Percentile did not represent a particular company, the average of the two adjoining company results was used.

It is possible that the Weighted Average is either greater than the 75th Percentile or less than the 25th Percentile. This can occur if the distribution of weights represented by individual companies is significantly skewed.

Definition of Company Size

For the results tables and graphs categorized by company size, definitions for small, medium and large contributors for both life and annuity products are given below. 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 that included only a very small amount of variable life insurance in force, 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

Number of Company Totals

In some instances, the number of company totals will appear to be inconsistent between the product-distribution and summary exhibits. This is caused by the study's protocol for only showing results for a particular product-distribution channel if there are a minimum number of companies in that category. However, the data not explicitly presented is still included in the summary totals for the product. For example, if only three contributors included information for the Term Life Brokerage category, results for Term Life Brokerage will not be explicitly presented. However, the data for Term Life Brokerage would be included in the Totals calculation for Term Life.

Comparison of 2005 and 2006 Results

The graphs comparing 2005 and 2006 results are based only on companies that appeared in both the 2005 and 2006 studies. This was done to eliminate the variation that would be caused by a change in company mix. The corresponding figures are shown in Tables 8 and 17.

Although the 2005 and 2006 comparison results are based only on companies that contributed data for both years, significant variation in unit costs between 2005 and 2006 were observed for several individual contributors. This is the primary underlying cause for the substantial changes in some aggregate units costs from 2005 to 2006 that are shown in Tables 8 and 17.

To highlight the variability that was observed, Tables 8 and 17 also include items labeled 25th Percentile Difference and 75th Percentile Difference. These items represent the 25th and 75th percentile of the distribution of the differences in unit costs for 2005 and 2006 for each contributor.

For example, to calculate the 25th Percentile Difference and 75th Percentile Difference for the Term Life Per Policy Index, the percentage change in Per Policy Index cost for 2005 to 2006 is calculated for all companies contributing in both years. The Term Life Per Policy Index differences are then ordered from lowest to highest. The 25th percentile and 75th percentile of these differences are then shown in Table 8 to give an indication of the range of the results.

Caveat

As already noted on page two of this report, due to differences in expense allocation practice among contributing companies, the mix of companies that contributed, and the limited number of contributors in certain categories provided, the results should be viewed with caution.

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Life and Annuity Products

Table 19—Per Policy Index Comparison Table

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Table 1

Term 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	\$134	\$0.36	50.2%	\$557	56.4%	N/A	3.7%
Unweighted Average	\$200	\$0.44	45.9%	\$748	70.0%	N/A	4.0%
Median	\$154	\$0.42	44.9%	\$642	78.0%	N/A	3.4%
25th Percentile	\$111	\$0.28	19.2%	\$496	66.2%	N/A	2.7%
75th Percentile	\$244	\$0.51	72.8%	\$968	80.9%	N/A	4.3%

BROKERAGE

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	\$185	\$0.67	44.8%	\$614	97.9%	N/A	3.5%
Unweighted Average	\$337	\$0.62	44.4%	\$1,318	101.4%	N/A	2.3%
Median	\$234	\$0.53	35.9%	\$679	111.6%	N/A	2.2%

TOTAL

Number of Companies = 21

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$122	\$0.45	34.8%	\$445	55.3%	N/A	3.3%
Unweighted Average	\$171	\$0.45	46.9%	\$655	72.8%	N/A	3.2%
Median	\$135	\$0.47	31.1%	\$641	77.4%	N/A	3.1%
25th Percentile	\$103	\$0.32	16.5%	\$387	46.2%	N/A	2.4%
75th Percentile	\$199	\$0.60	55.4%	\$908	90.7%	N/A	4.3%

TOTAL

Number of Companies = 21

Non-Acquisition - All Distribution Systems Combined

	Per Policy Inforce	Premium Tax as Percent of Premium	Per Claim	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
	Weighted Average	\$58	1.9%	\$218	\$287
Unweighted Average	\$75	1.7%	\$304	\$399	\$247
Median	\$64	1.9%	\$226	\$360	\$221
25th Percentile	\$46	1.3%	\$175	\$225	\$142
75th Percentile	\$78	2.2%	\$447	\$608	\$313

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

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Table 2

Permanent Life Insurance

CAREER

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	\$152	\$0.78	69.6%	\$1,518	60.1%	2.1%	3.0%
Unweighted Average	\$351	\$1.27	52.5%	\$1,810	74.5%	1.9%	3.8%
Median	\$133	\$1.27	61.6%	\$578	72.4%	0.5%	3.9%
25th Percentile	\$105	\$0.60	36.2%	\$475	57.5%	0.1%	2.8%
75th Percentile	\$265	\$1.89	69.7%	\$1,712	86.5%	1.9%	4.9%

TOTAL

Number of Companies =23

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$154	\$0.99	46.8%	\$1,152	63.7%	4.8%	4.1%
Unweighted Average	\$307	\$1.21	44.1%	\$1,914	78.2%	2.9%	4.8%
Median	\$133	\$1.27	50.9%	\$578	81.7%	1.7%	4.3%
25th Percentile	\$97	\$0.70	20.2%	\$368	57.5%	0.1%	2.7%
75th Percentile	\$265	\$1.73	64.4%	\$2,534	99.3%	4.4%	6.9%

TOTAL

Number of Companies =23

	Non-Acquisition - All Distribution Systems Combined				
	Per Policy Inforce	Premium Tax as Percent of Premium	Per Claim	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$66	1.4%	\$164	\$113	\$67
Unweighted Average	\$71	1.5%	\$218	\$162	\$77
Median	\$63	1.5%	\$168	\$80	\$50
25th Percentile	\$45	1.1%	\$115	\$50	\$40
75th Percentile	\$86	1.8%	\$266	\$264	\$105

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

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Table 3

Variable Life Insurance

CAREER

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	\$194	\$0.56	28.0%	\$996	79.0%	1.3%	5.9%
Unweighted Average	\$501	\$1.02	44.4%	\$2,478	76.4%	2.1%	5.2%
Median	\$205	\$0.84	47.1%	\$1,193	70.3%	2.2%	4.7%
25th Percentile	\$183	\$0.34	19.8%	\$521	61.6%	0.3%	4.3%
75th Percentile	\$473	\$0.98	69.6%	\$3,912	85.1%	3.6%	6.3%

TOTAL

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	\$191	\$0.68	30.6%	\$1,163	76.3%	1.7%	5.3%
Unweighted Average	\$389	\$1.09	40.4%	\$2,473	77.4%	1.8%	4.7%
Median	\$201	\$0.87	40.6%	\$773	66.8%	1.4%	4.8%
25th Percentile	\$136	\$0.50	10.8%	\$521	46.5%	0.0%	3.3%
75th Percentile	\$302	\$1.25	68.4%	\$4,019	85.1%	3.2%	5.9%

TOTAL

Number of Companies = 12

	Non-Acquisition - All Distribution Systems Combined				
	Per Policy Inforce	Premium Tax as Percent of Premium	Per Claim	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$216	1.7%	\$319	\$241	\$269
Unweighted Average	\$279	1.6%	\$337	\$302	\$258
Median	\$228	1.7%	\$325	\$278	\$253
25th Percentile	\$153	0.9%	\$179	\$132	\$136
75th Percentile	\$373	2.0%	\$457	\$469	\$337

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

**2006 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY
TABLE 4 -- 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	10	\$134	\$0.36	50.2%	\$557	56.4%	N/A	3.7%
Permanent Life	11	\$152	\$0.78	69.6%	\$1,518	60.1%	2.1%	3.0%
Variable Life	8	\$194	\$0.56	28.0%	\$996	79.0%	1.3%	5.9%
TOTAL	12	\$148	\$0.48	58.5%	\$1,034	62.3%	1.9%	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	4	\$185	\$0.67	44.8%	\$614	97.9%	N/A	3.5%
TOTAL	4	\$148	\$0.48	63.9%	\$1,936	62.6%	2.1%	3.9%

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	21	\$122	\$0.45	34.8%	\$445	55.3%	N/A	3.3%
Permanent Life	23	\$154	\$0.99	46.8%	\$1,152	63.7%	4.8%	4.1%
Variable Life	12	\$191	\$0.68	30.6%	\$1,163	76.3%	1.7%	5.3%
TOTAL	23	\$138	\$0.58	42.4%	\$774	62.6%	4.4%	4.0%

TOTAL

	Number of Companies	Non-Acquisition - All Distribution Systems Combined				
		Per Policy Inforce	Premium Tax as Percent of Premium	Per Claim	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Term Life	21	\$58	1.9%	\$218	\$287	\$200
Permanent Life	23	\$66	1.4%	\$164	\$113	\$67
Variable Life	12	\$216	1.7%	\$319	\$241	\$269
TOTAL	23	\$67	1.5%	\$174	\$211	\$115

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

2006 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 5

Term Life Insurance

SMALL

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	\$144	\$0.63	36.7%	\$465	106.5%	N/A	5.8%
Unweighted Average	\$132	\$0.60	31.3%	\$435	104.6%	N/A	4.5%
Median	\$121	\$0.50	35.9%	\$422	104.3%	N/A	5.4%

SMALL

Number of Companies = 4

Non-Acquisition - All Distribution Systems Combined

	Per Policy Inforce	Premium Tax as Percent of Premium	Per Claim	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$106	2.4%	\$210	\$172	\$143
Unweighted Average	\$79	2.3%	\$197	\$210	\$146
Median	\$74	2.3%	\$194	\$194	\$143

MEDIUM

Number of Companies = 13

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$109	\$0.44	44.3%	\$450	68.7%	N/A	2.6%
Unweighted Average	\$183	\$0.44	52.2%	\$665	70.4%	N/A	2.8%
Median	\$135	\$0.47	31.1%	\$641	78.5%	N/A	2.9%
25th Percentile	\$126	\$0.34	15.9%	\$392	62.0%	N/A	2.4%
75th Percentile	\$187	\$0.60	61.4%	\$908	88.6%	N/A	3.7%

MEDIUM

Number of Companies = 13

Non-Acquisition - All Distribution Systems Combined

	Per Policy Inforce	Premium Tax as Percent of Premium	Per Claim	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$51	1.9%	\$126	\$256	\$167
Unweighted Average	\$74	1.5%	\$319	\$399	\$247
Median	\$53	1.7%	\$273	\$360	\$221
25th Percentile	\$44	1.0%	\$154	\$249	\$130
75th Percentile	\$80	2.2%	\$447	\$608	\$313

LARGE

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	\$129	\$0.45	29.8%	\$442	46.7%	N/A	3.5%
Unweighted Average	\$173	\$0.32	45.3%	\$844	48.5%	N/A	3.5%
Median	\$151	\$0.29	42.9%	\$777	43.7%	N/A	3.8%

LARGE

Number of Companies = 4

Non-Acquisition - All Distribution Systems Combined

	Per Policy Inforce	Premium Tax as Percent of Premium	Per Claim	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$61	1.8%	\$353	\$309	\$222
Unweighted Average	\$82	1.7%	\$362	\$586	\$348
Median	\$77	1.6%	\$344	\$614	\$367

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

2006 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 6

Permanent Life Insurance

SMALL

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	\$96	\$1.12	29.0%	\$334	108.3%	5.0%	6.2%
Unweighted Average	\$90	\$1.19	28.5%	\$309	104.6%	4.4%	7.1%
Median	\$85	\$1.17	27.2%	\$322	112.1%	2.0%	6.0%

SMALL

Number of Companies =4

Non-Acquisition - All Distribution Systems Combined					
	Per Policy Inforce	Premium Tax as Percent of Premium	Per Claim	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$95	2.3%	\$236	\$37	\$41
Unweighted Average	\$73	2.1%	\$271	\$47	\$38
Median	\$78	1.9%	\$171	\$46	\$41

MEDIUM

Number of Companies =15

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$151	\$1.43	48.2%	\$872	71.2%	4.0%	4.1%
Unweighted Average	\$389	\$1.32	48.6%	\$1,943	74.6%	2.4%	4.4%
Median	\$163	\$1.33	53.3%	\$636	81.7%	0.5%	3.9%
25th Percentile	\$114	\$0.76	22.5%	\$475	57.8%	0.0%	2.7%
75th Percentile	\$456	\$1.89	65.7%	\$2,534	92.0%	3.9%	6.2%

MEDIUM

Number of Companies =15

Non-Acquisition - All Distribution Systems Combined					
	Per Policy Inforce	Premium Tax as Percent of Premium	Per Claim	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$50	1.4%	\$66	\$71	\$47
Unweighted Average	\$63	1.3%	\$163	\$159	\$73
Median	\$52	1.4%	\$144	\$99	\$50
25th Percentile	\$40	1.0%	\$59	\$50	\$38
75th Percentile	\$69	1.7%	\$244	\$264	\$89

LARGE

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	\$159	\$0.85	46.6%	\$1,365	60.5%	5.2%	4.1%
Unweighted Average	\$212	\$0.81	43.0%	\$3,410	65.0%	3.3%	4.0%
Median	\$222	\$0.62	41.0%	\$2,920	58.1%	2.1%	3.6%

LARGE

Number of Companies =4

Non-Acquisition - All Distribution Systems Combined					
	Per Policy Inforce	Premium Tax as Percent of Premium	Per Claim	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$77	1.4%	\$393	\$142	\$85
Unweighted Average	\$104	1.5%	\$373	\$286	\$131
Median	\$110	1.6%	\$365	\$303	\$125

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

2006 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 7

Variable Life Insurance

MEDIUM

Number of Companies = 9

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$197	\$0.71	29.5%	\$1,160	76.7%	1.3%	5.9%
Unweighted Average	\$454	\$1.22	44.2%	\$2,762	79.8%	1.6%	4.7%
Median	\$205	\$0.94	42.5%	\$826	71.2%	0.6%	4.8%
25th Percentile	\$139	\$0.74	25.6%	\$521	59.7%	0.0%	3.1%
75th Percentile	\$378	\$1.29	72.4%	\$4,619	79.5%	3.1%	6.3%

MEDIUM

Number of Companies = 9

Non-Acquisition - All Distribution Systems Combined					
	Per Policy Inforce	Premium Tax as Percent of Premium	Per Claim	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$293	1.7%	\$329	\$229	\$290
Unweighted Average	\$331	1.6%	\$352	\$304	\$268
Median	\$298	1.5%	\$372	\$290	\$265
25th Percentile	\$222	0.5%	\$156	\$125	\$137
75th Percentile	\$380	2.4%	\$498	\$469	\$368

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	\$177	\$0.62	33.0%	\$1,170	75.5%	2.4%	4.5%
Unweighted Average	\$195	\$0.71	29.1%	\$1,607	70.0%	2.3%	4.9%
Median	\$185	\$0.55	11.6%	\$539	46.4%	2.3%	4.9%

LARGE

Number of Companies = 3

Non-Acquisition - All Distribution Systems Combined					
	Per Policy Inforce	Premium Tax as Percent of Premium	Per Claim	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$143	1.7%	\$314	\$267	\$250
Unweighted Average	\$137	1.7%	\$303	\$296	\$230
Median	\$130	1.8%	\$278	\$265	\$241

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

2006 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 8

**Life Products - Comparison of 2005 and 2006 Unit Costs
for Companies Contributing in both 2005 and 2006**

Term Life Insurance										
Number of Contributing Companies = 16										
	Acquisition		Commission Percent						Non-acquisition	
	Per Policy Index		First Year		Single Premium		Renewal		Per Policy Inforce	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
Weighted Average	\$427	\$407	52.3%	46.9%	NA	NA	3.7%	3.7%	\$57	\$55
25th Percentile	\$328	\$348	46.9%	44.5%	NA	NA	2.9%	2.5%	\$45	\$47
75th Percentile	\$702	\$711	89.8%	83.8%	NA	NA	4.3%	4.4%	\$75	\$79
25th Percentile Difference		-7%		-13%		NA		-10%		-12%
75th Percentile Difference		15%		1%		NA		0%		9%

Perm Life Insurance										
Number of Contributing Companies = 18										
	Acquisition		Commission Percent						Non-acquisition	
	Per Policy Index		First Year		Single Premium		Renewal		Per Policy Inforce	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
Weighted Average	\$927	\$1,062	60.6%	57.3%	4.6%	3.7%	4.3%	4.3%	\$62	\$61
25th Percentile	\$358	\$354	51.0%	64.6%	0.1%	0.1%	3.0%	2.8%	\$48	\$45
75th Percentile	\$780	\$787	101.6%	101.5%	4.8%	3.1%	7.0%	6.5%	\$94	\$86
25th Percentile Difference		-10%		-9%		-21%		-7%		-14%
75th Percentile Difference		7%		4%		1%		2%		5%

Variable Life Insurance										
Number of Contributing Companies = 8										
	Acquisition		Commission Percent						Non-acquisition	
	Per Policy Index		First Year		Single Premium		Renewal		Per Policy Inforce	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
Weighted Average	\$1,262	\$870	67.0%	75.8%	1.2%	1.0%	6.2%	5.9%	\$244	\$213
25th Percentile	\$570	\$521	45.4%	46.1%	0.0%	0.0%	4.0%	3.3%	\$112	\$151
75th Percentile	\$1,882	\$1,574	78.9%	85.1%	2.0%	1.8%	6.7%	6.3%	\$465	\$423
25th Percentile Difference		-25%		2%		7%		-8%		-18%
75th Percentile Difference		8%		34%		16%		-2%		9%

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

2006 SOA Expense Study
Table 9 - Total Expense Units - All Companies

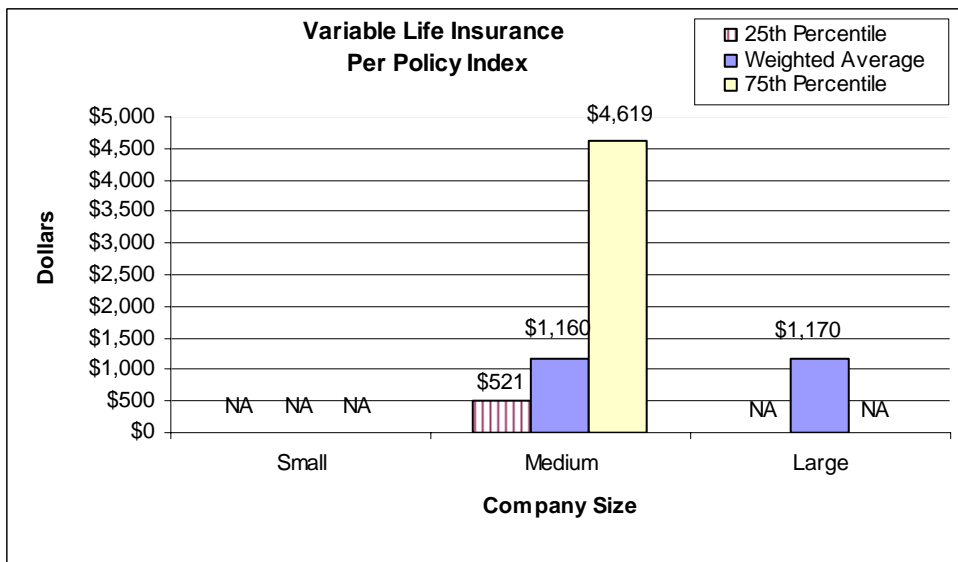
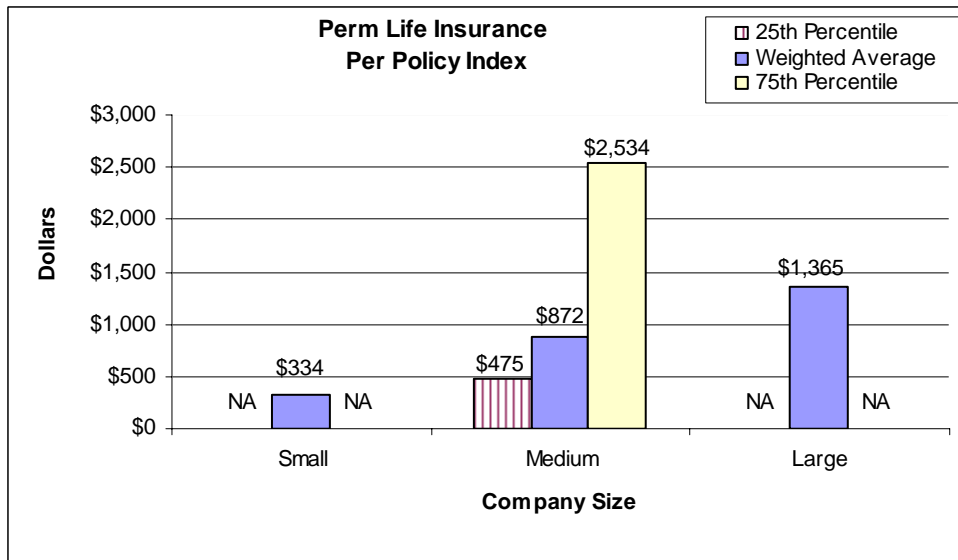
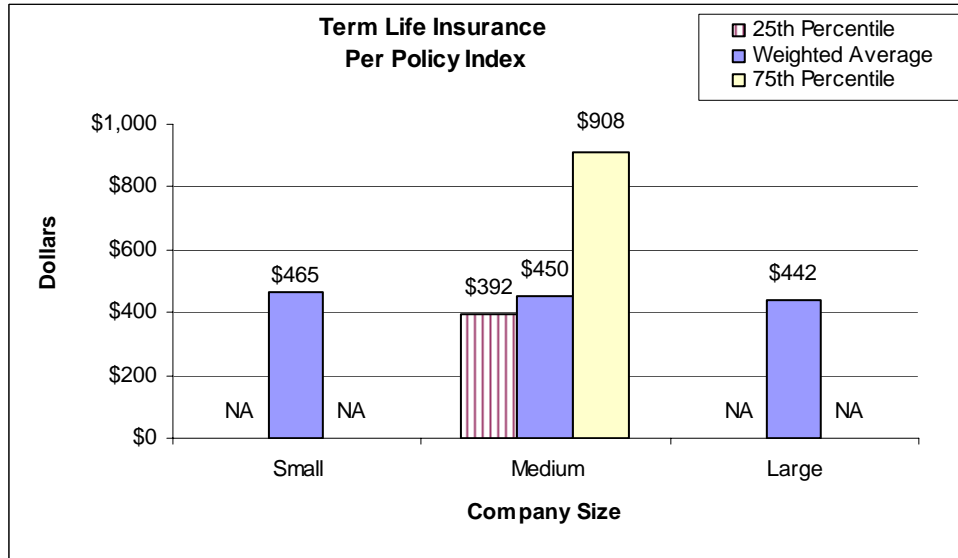
	Life Products							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
A. New Business - Direct								
1. Policies / Contracts Issued	431,130	24,837	10,453	655,176	83,776	31,585	222,824	1,459,781
2. Volume Issued (Round to 1000s)	94,870,520	4,476,749	6,892,890	97,618,858	707,485	8,363,437	95,781,895	308,711,834
3. First Year Premium Collected	739,892,727	86,943,898	9,448,155	432,426,875	17,760,441	20,545,346	832,585,160	2,139,602,602
a. UL and VUL Dump-in Included in A-3	204,179,395	24,421,946	0	47,451,790	0	0	219,392,120	495,445,251
4. Single Premium Collected	338,739,022	12,587,884	2,241,319	229,405,635	0	130,618,771	1,407,501,780	2,121,094,411
a. UL and VUL Dump-in Included in A-4	74,459,731	414,798	2,096,209	0	0	0	0	76,970,738
b. Paid-Up Additions Included in A-4	145,643,718	308,960	0	209,828,408	0	0	1,072,080,645	1,427,861,731
B. Inforce - Direct - Current Year								
1. Policies / Contracts	5,084,769	111,082	70,039	7,327,924	556,978	319,313	7,018,528	20,488,633
2. Volume (Round to 1000s)	454,424,599	8,431,545	8,690,524	647,233,868	3,563,514	52,049,900	1,220,236,871	2,394,630,822
3. Renewal Premium Collected	4,687,936,254	139,540,702	36,009,779	2,804,836,561	142,967,856	106,068,378	4,264,661,317	12,182,020,847
4. Reserves or Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	97,487,087,133	97,487,087,133
C. Inforce - Direct - Previous Year								
1. Policies / Contracts	5,075,440	101,603	63,927	7,218,672	576,088	306,902	6,706,810	20,049,442
2. Volume (Round to 1000s)	427,897,225	7,891,868	9,834,799	603,840,541	3,586,494	47,105,835	1,163,445,161	2,263,601,923
3. Renewal Premium Collected	4,546,722,939	132,530,114	30,170,346	2,682,783,997	151,825,169	94,713,741	4,107,064,437	11,745,810,743
4. Reserves or Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	91,905,671,290	91,905,671,290
D. Claims/Contracts								
1. Number of Claims	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	176,863	176,863
2. Number of Surrenders/Lapses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	929,100	929,100

2006 SOA Expense Study

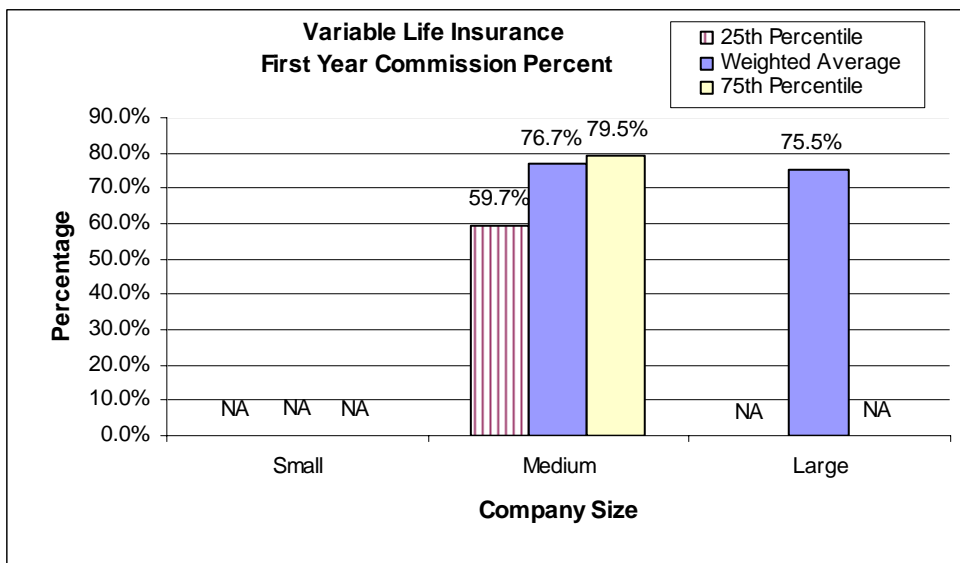
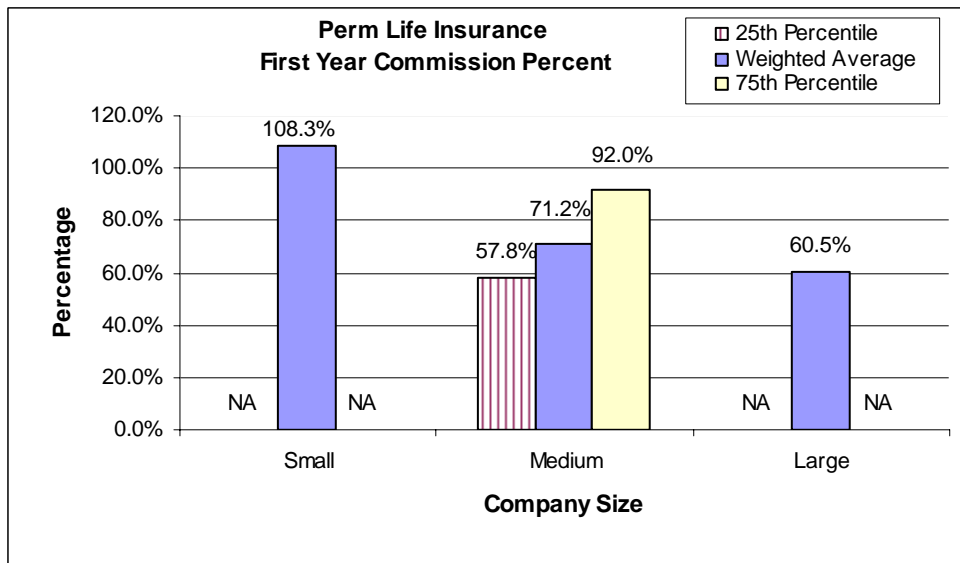
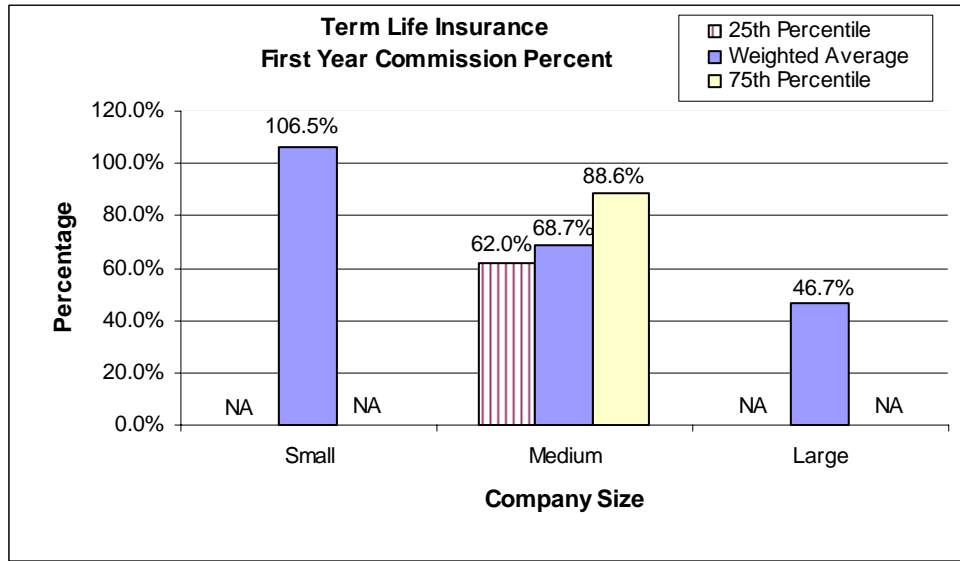
Table 9 - Total Expenses - All Companies

Function	Life Products							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
E. Commissions Paid								
1. First Year Commissions	338,978,127	39,568,040	11,448,722	158,877,130	0	20,734,727	472,902,029	1,042,508,775
a. UL and VUL Dump-in Included in F-1	5,058,714	416,131	0	0	0	0	8,561,631	14,036,476
2. Single Commissions	2,364,682	348,723	0	600,276	0	7,871,074	27,079,648	38,264,404
a. UL and VUL Dump-in Included in F-2	381,488	0	0	0	0	0	0	381,488
3. Renewal Commissions	163,584,406	5,377,845	1,010,927	131,955,343	0	3,973,546	182,699,681	488,601,748
F. Other Acquisition Expenses Paid								
1. Sales / Marketing	332,356,615	42,222,483	1,533,000	29,126,465	26,553,778	9,246,596	262,545,048	703,583,984
2. Underwriting - Inspection Reports and Medical Exams	41,374,553	2,054,145	2,883,000	48,984,412	208,212	4,128,960	36,218,877	135,852,158
3. Underwriting - All Other	34,822,296	1,530,252	180,000	34,777,199	443,468	1,103,931	23,108,614	95,965,760
4. Policy / Contract Issue	24,872,380	2,063,122	2,318,000	9,679,513	65,251	3,769,456	19,586,840	62,354,561
5. Product Development	11,047,386	195,000	417,000	729,195	21,682	429,443	1,271,000	14,110,706
6. Other Acquisition - Please list	1,270,485	21,000	238,000	90,885,999	674,191	1,000	24,135,084	117,225,759
G. Other Expenses Paid								
1. Benefit Department(s) / Claim Settlement Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	30,795,839	30,795,839
2. Policyowner Services	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	320,099,235	320,099,235
3. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	15,304,184	15,304,184
4. Significant Non-recurring Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	44,222,376	44,222,376
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	911,244,087	911,244,087
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	123,313,850	123,313,850
7. Other Non-overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	69,513,060	69,513,060
H. Premium Tax & Guar Assoc Assessments								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	246,099,880	246,099,880
I. Total Expenses								
	950,670,930	93,380,609	20,028,649	505,615,531	27,966,582	51,258,733	2,686,825,482	4,335,746,517

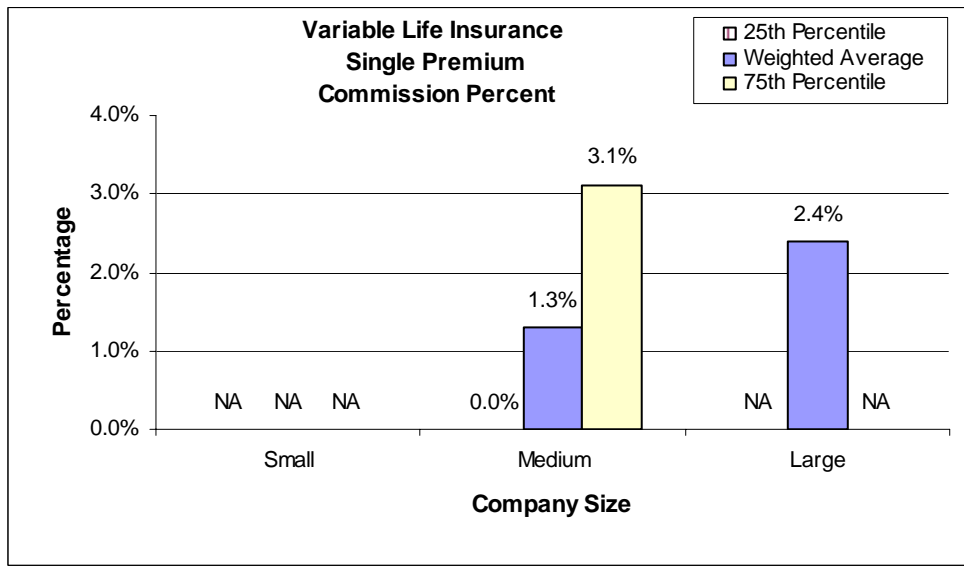
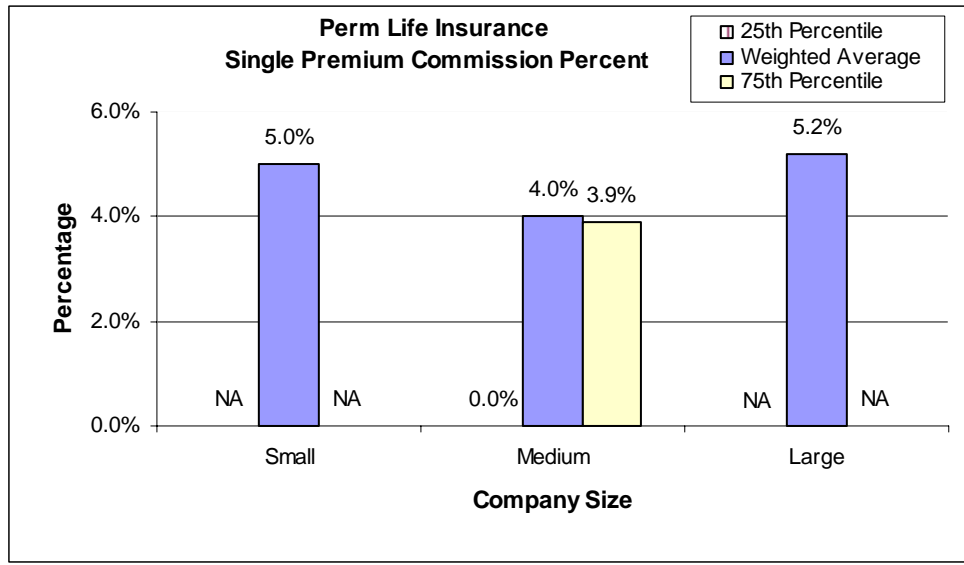
2006 Life Products
Graph 1—Acquisition Expense—All Distribution Systems Combined
Per Policy Index



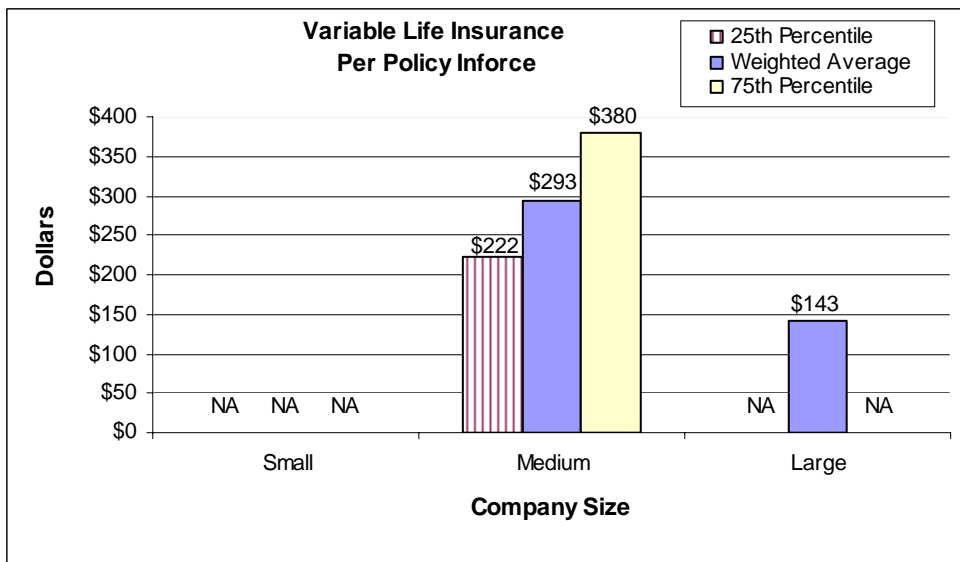
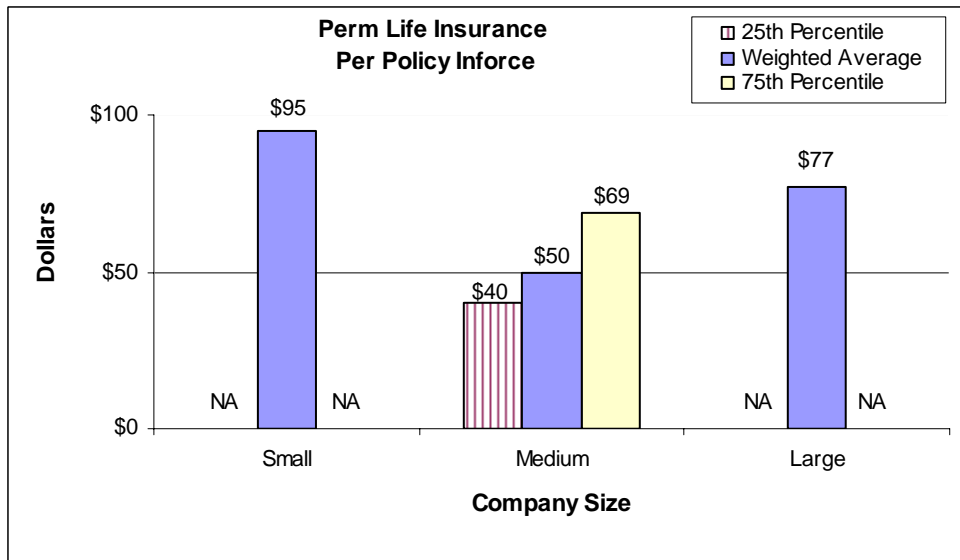
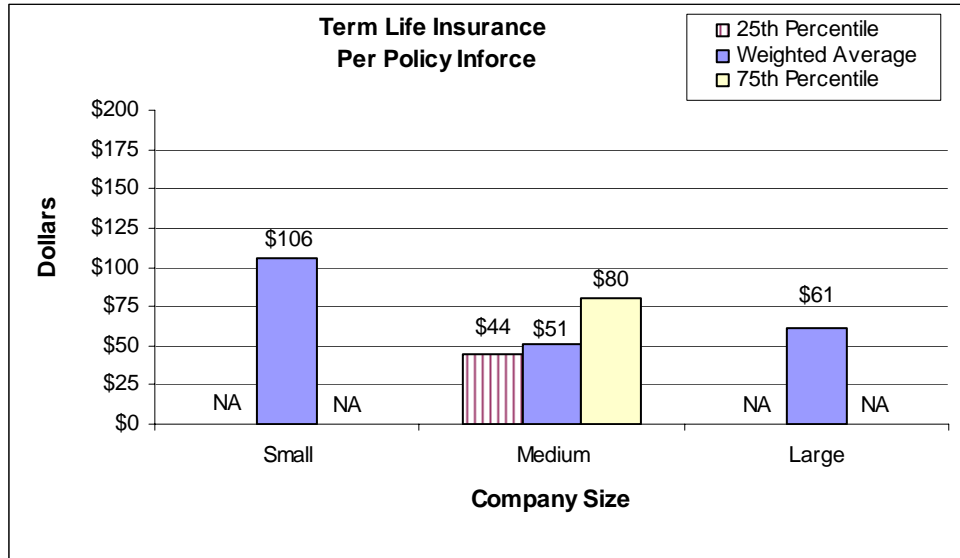
2006 Life Products
Graph 2—Acquisition Expense—All Distribution Systems Combined
First Year Commission Percent



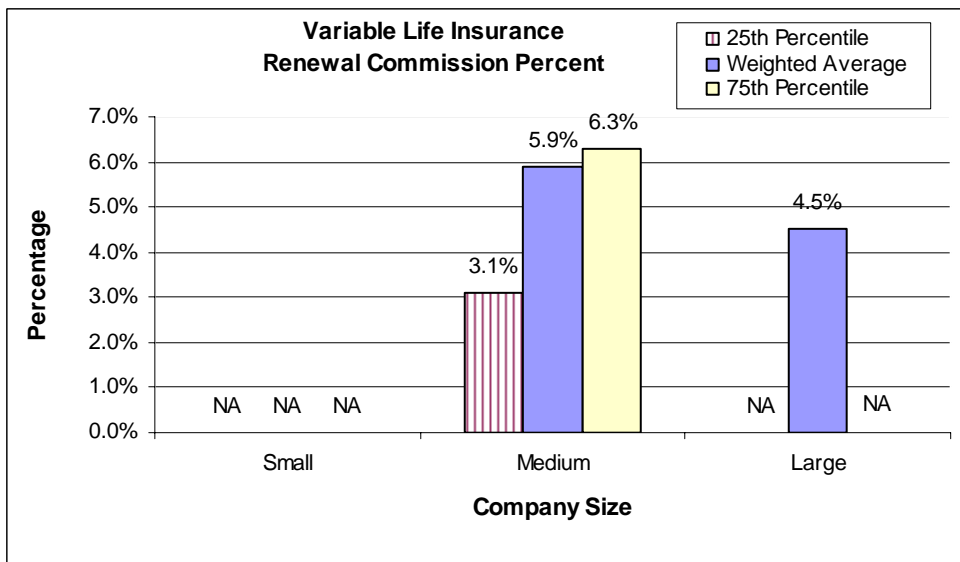
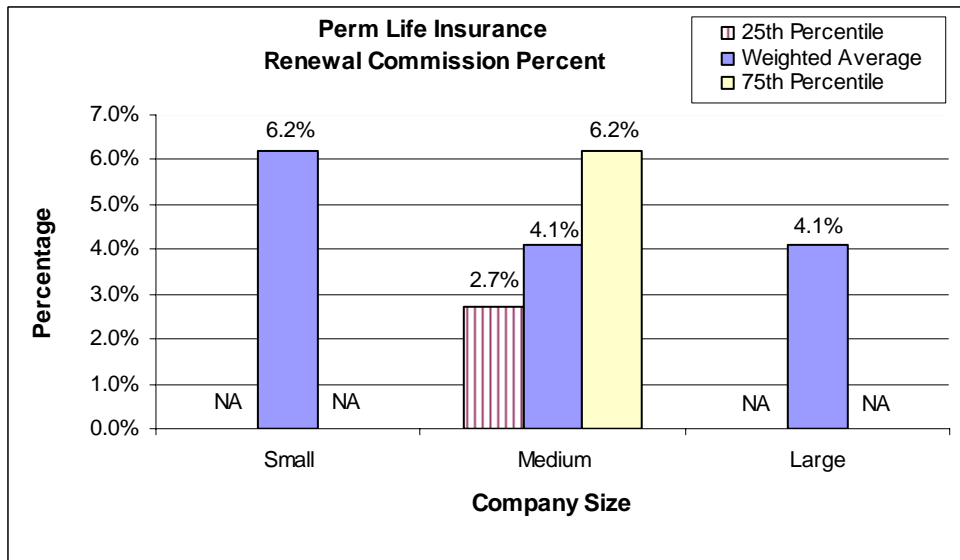
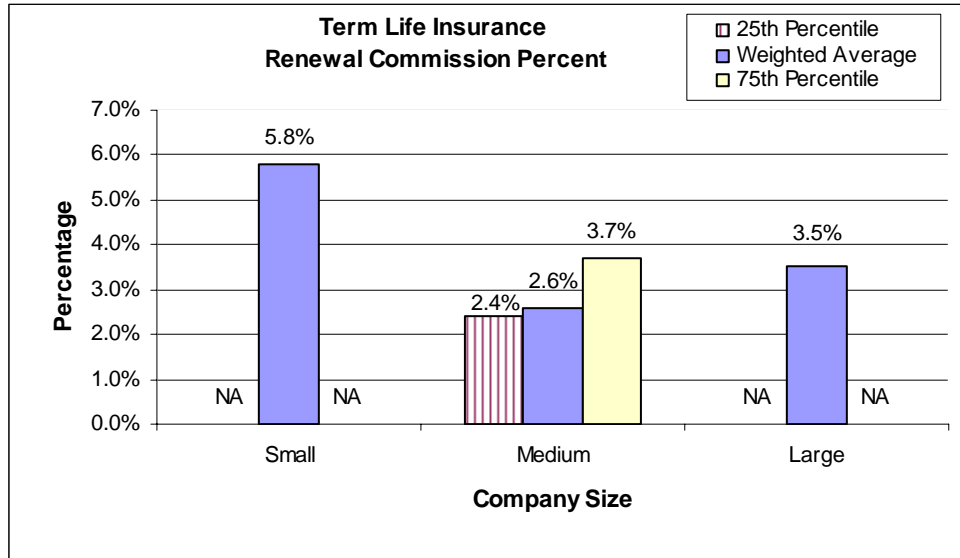
2006 Life Products
Graph 3—Acquisition Expense—All Distribution Systems Combined
Single Premium Commission Percent



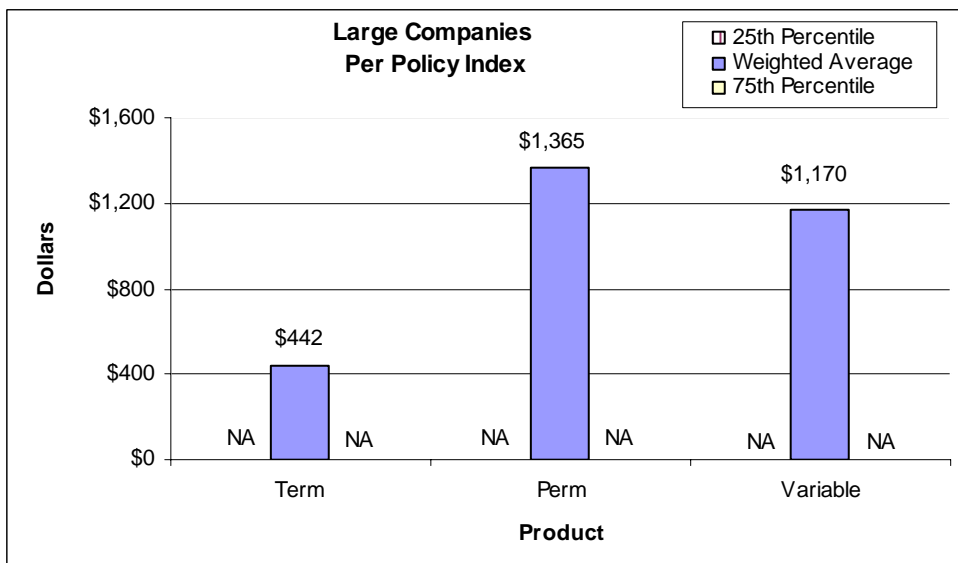
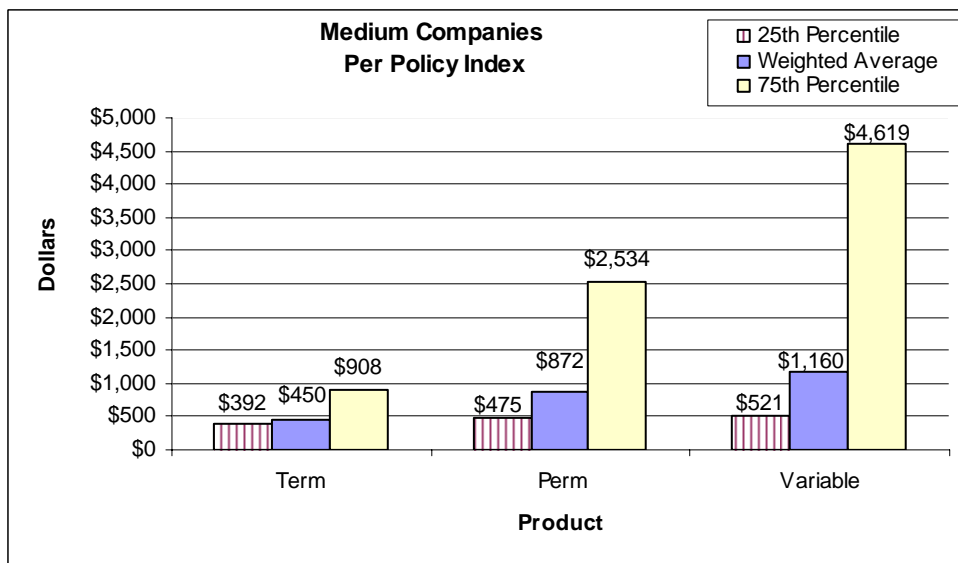
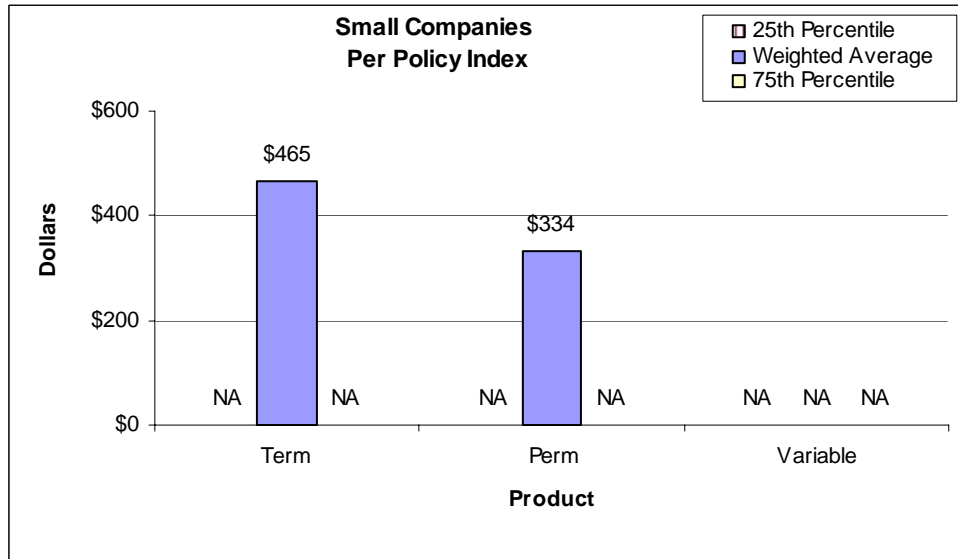
2006 Life Products
Graph 4—Non-acquisition Expense—All Distribution Systems Combined
Per Policy Inforce



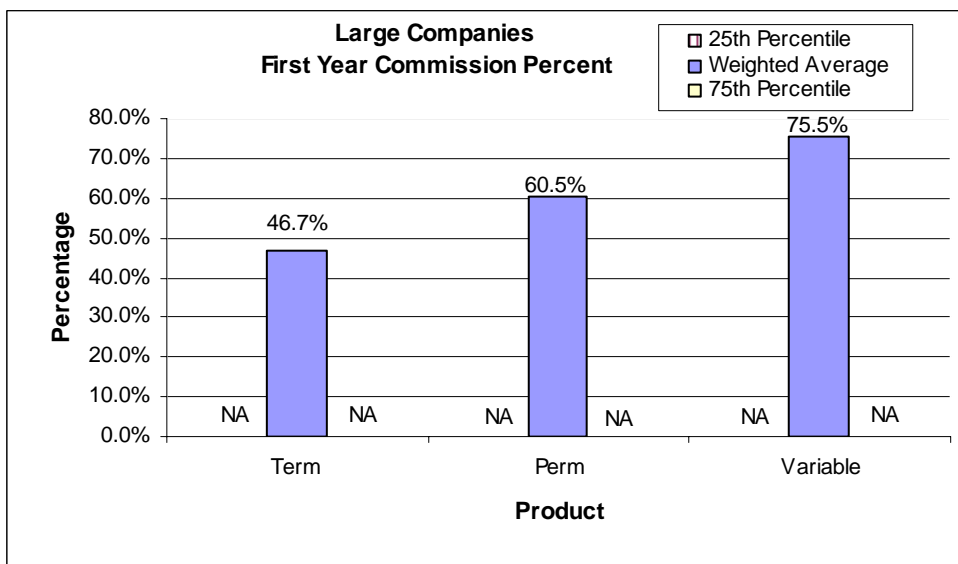
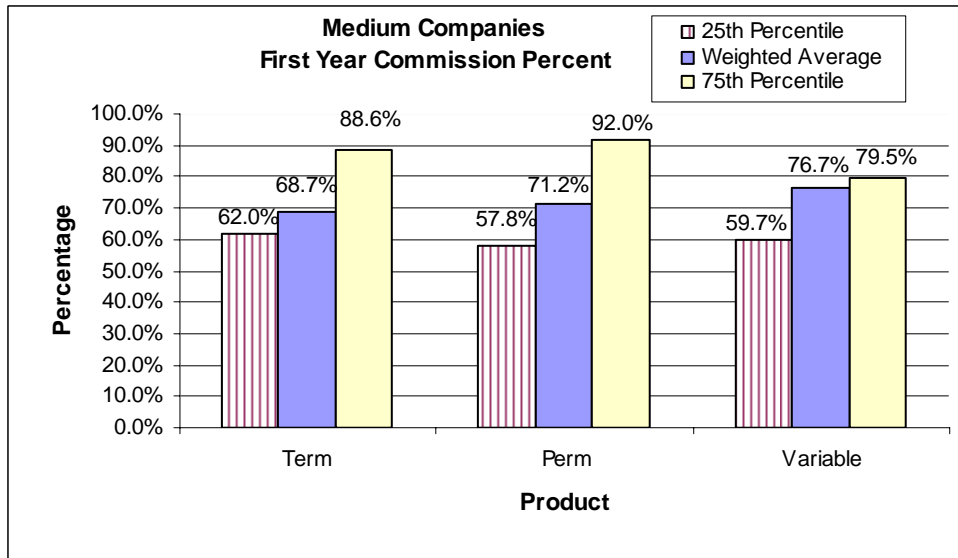
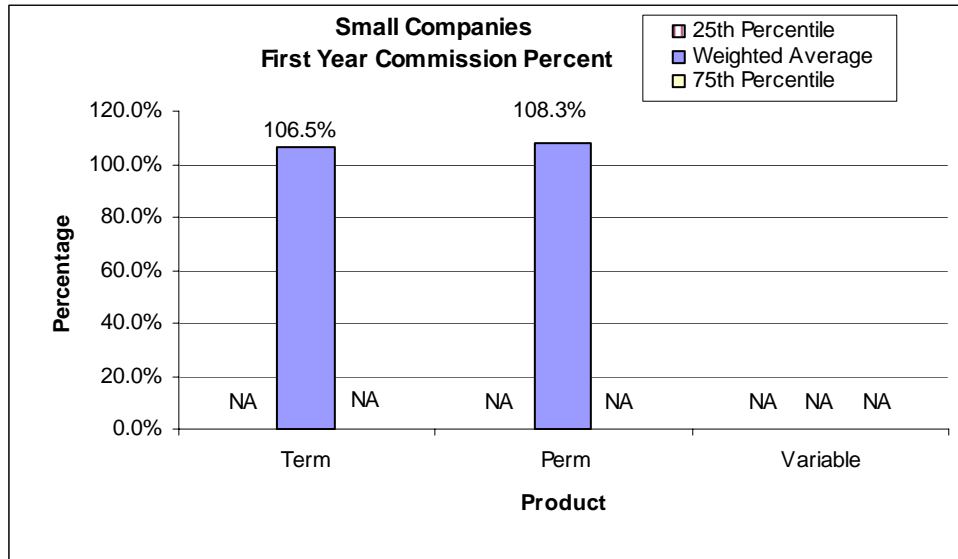
2006 Life Products
Graph 5—Acquisition Expense—All Distributions Systems Combined
Renewal Commission Percent



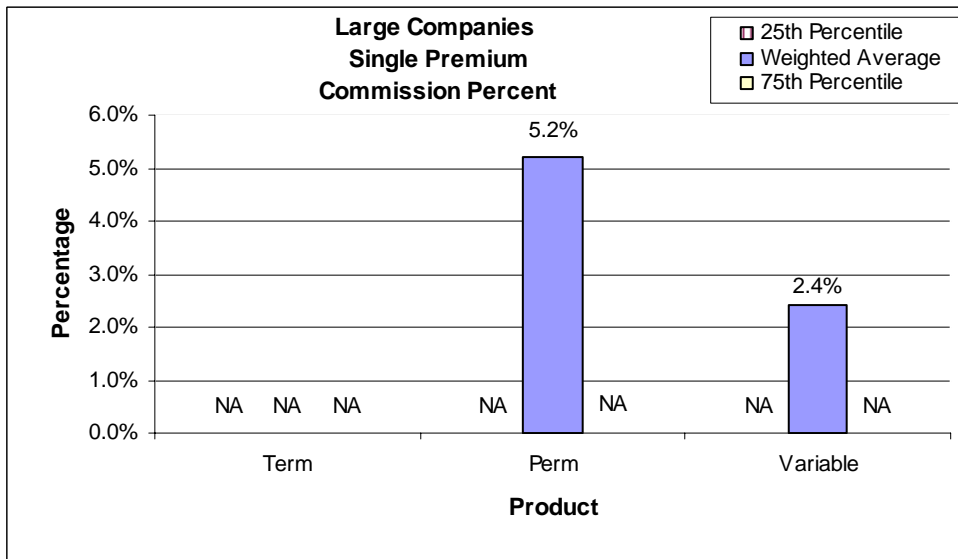
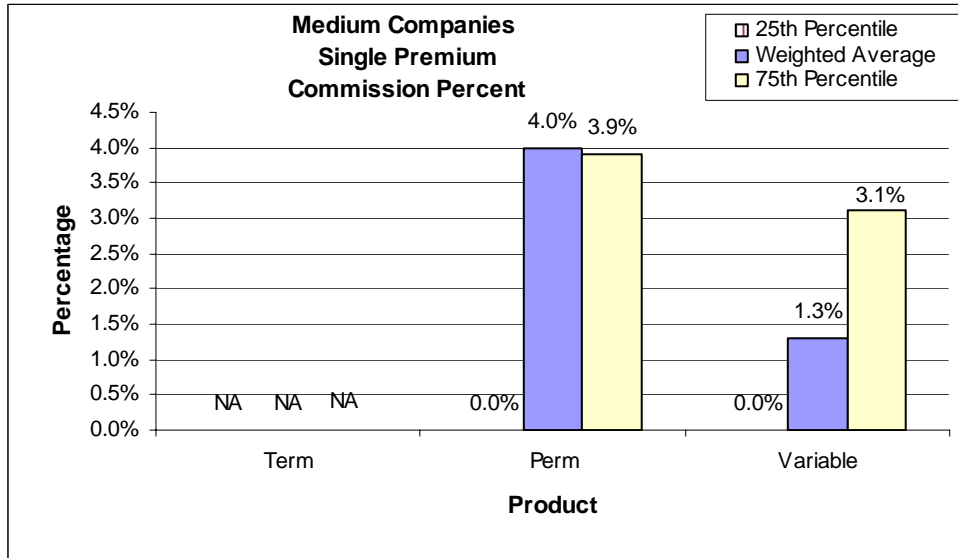
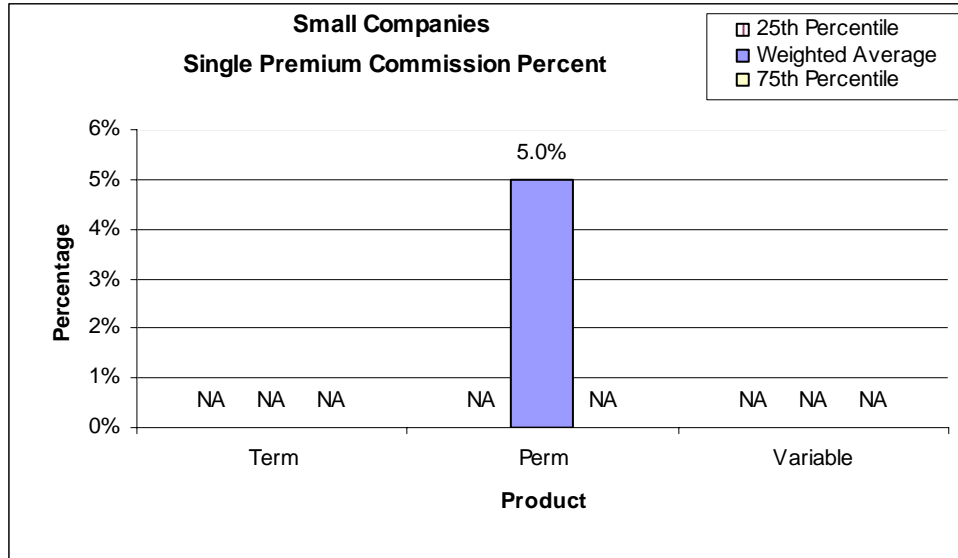
2006 Life Products
Graph 6—Acquisition Expense—All Distribution Systems Combined
Per Policy Index



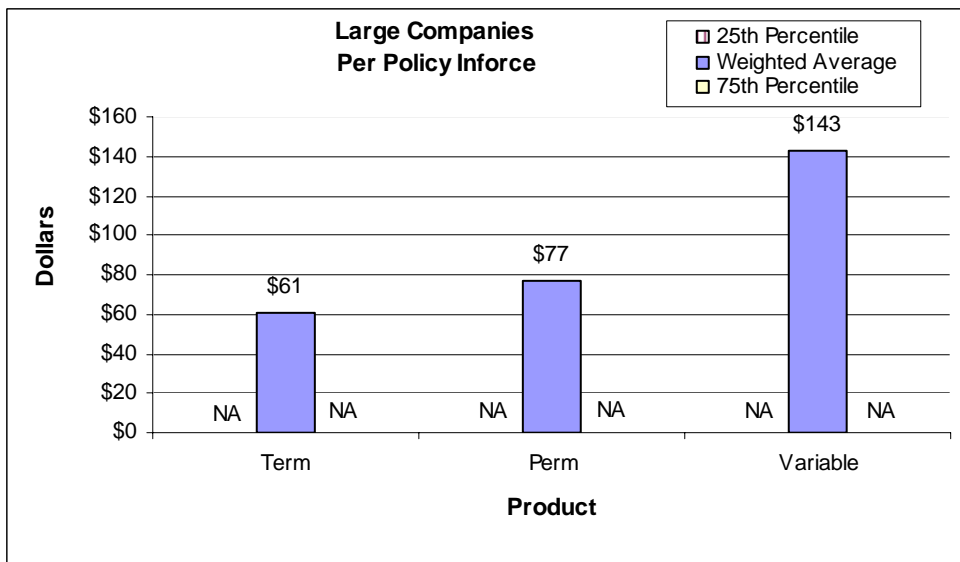
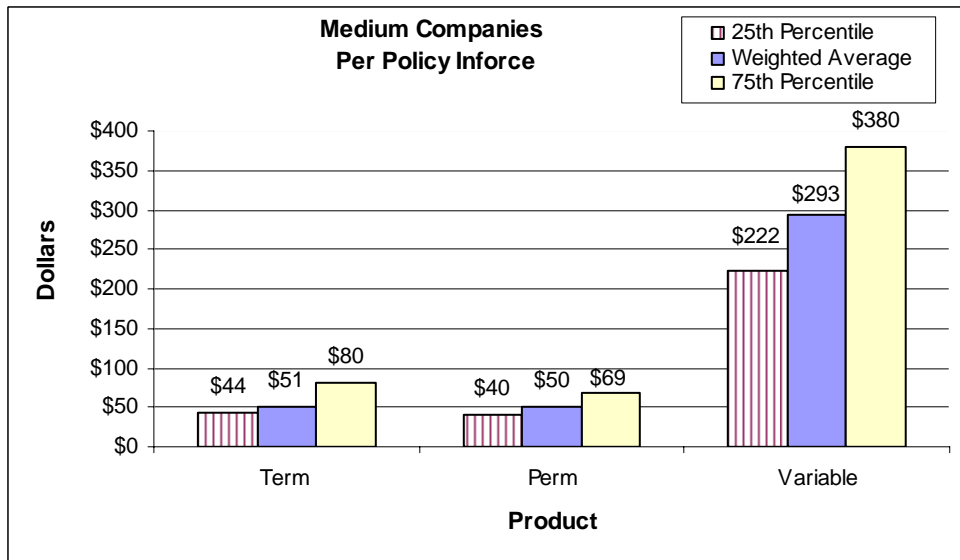
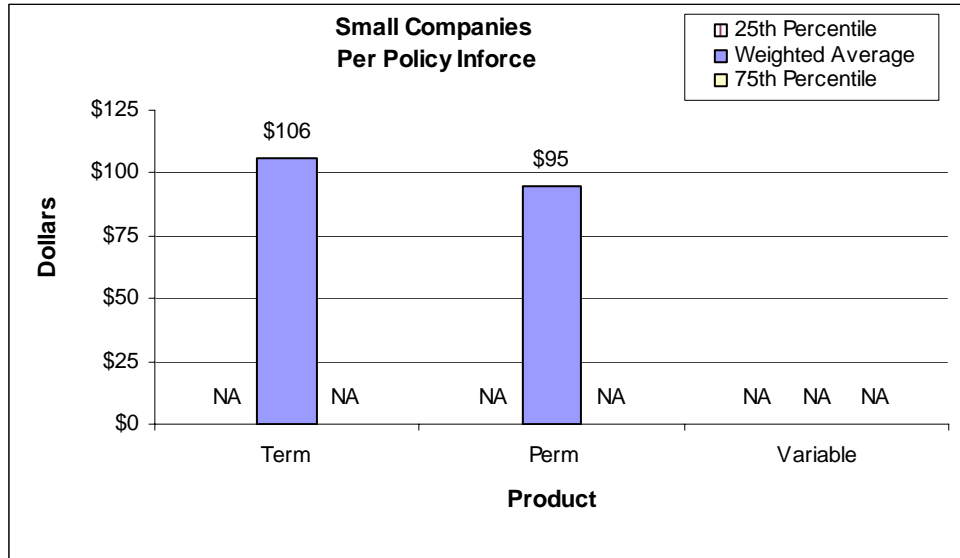
2006 Life Products
Graph 7—Acquisition Expense—All Distribution Systems Combined
First Year Commission Percent



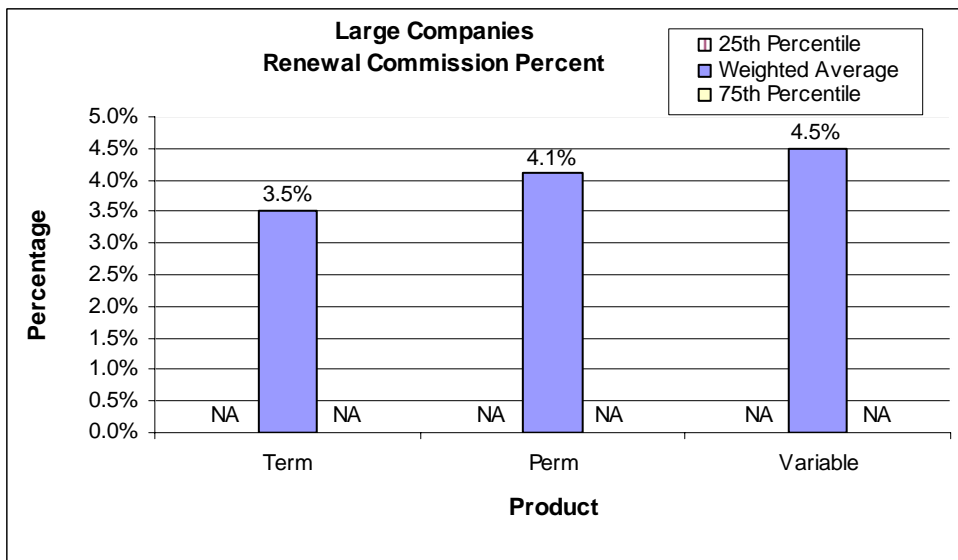
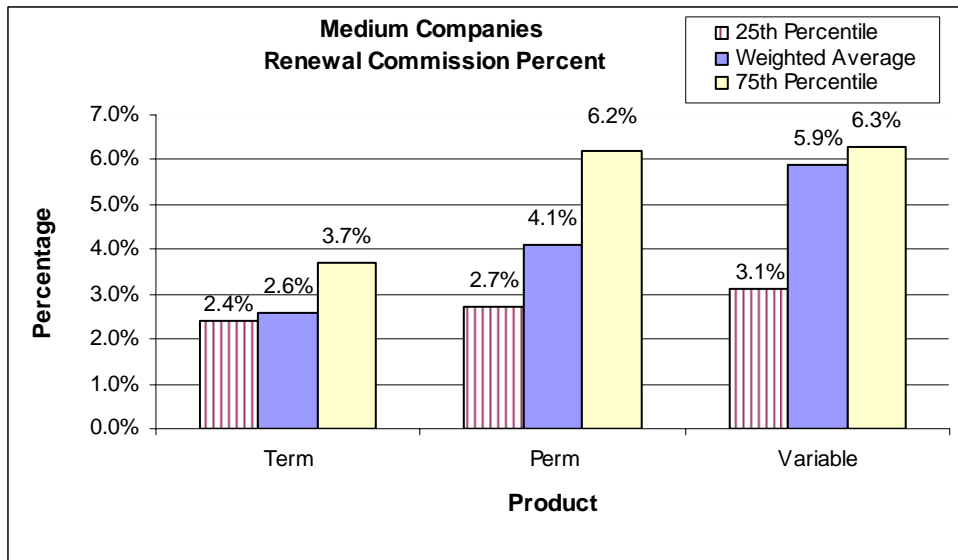
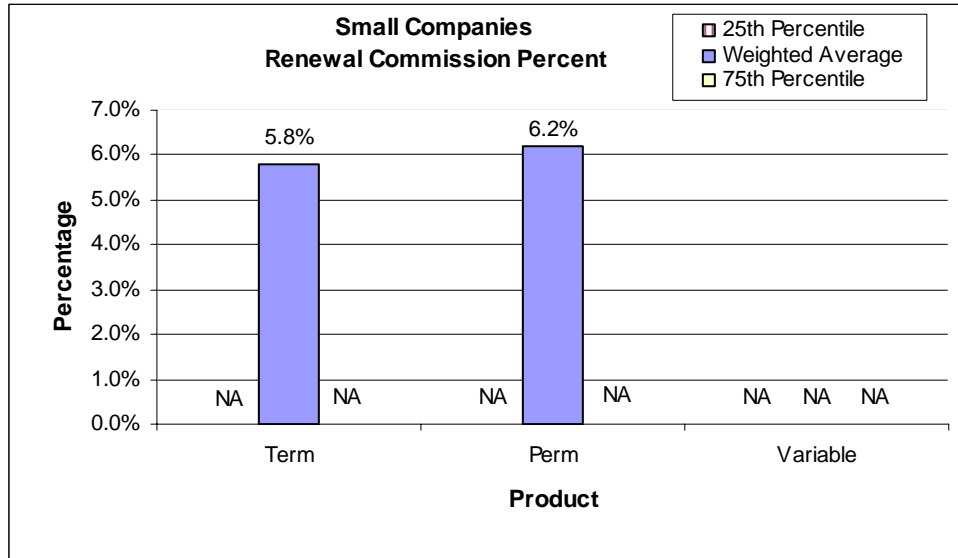
2006 Life Products
Graph 8—Acquisition Expense—All Distribution Systems Combined
Single Premium Commission Percent



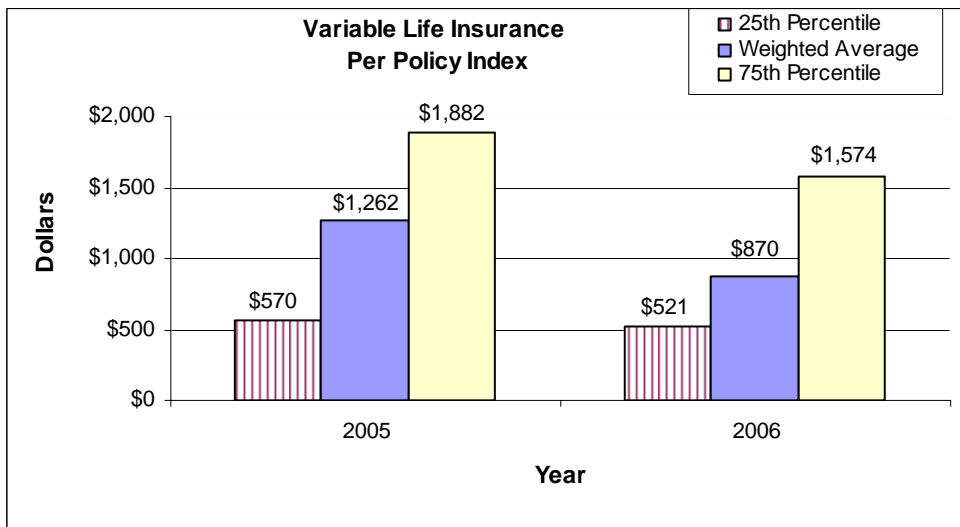
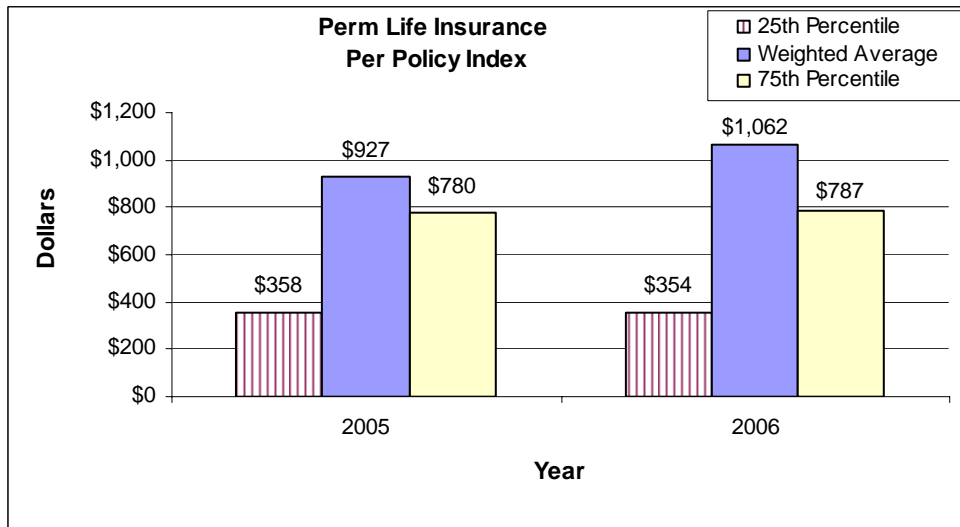
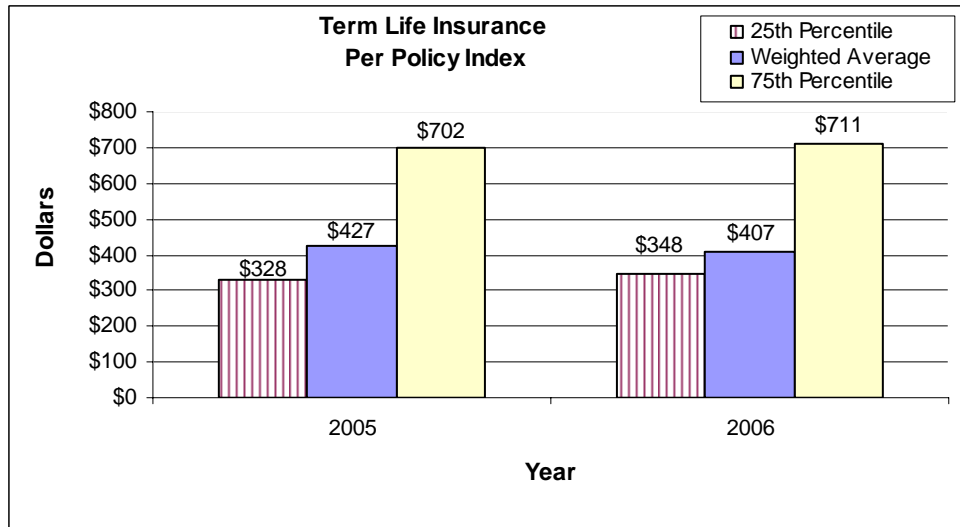
2006 Life Products
Graph 9—Non-acquisition Expense—All Distribution Systems Combined
Per Policy Inforce



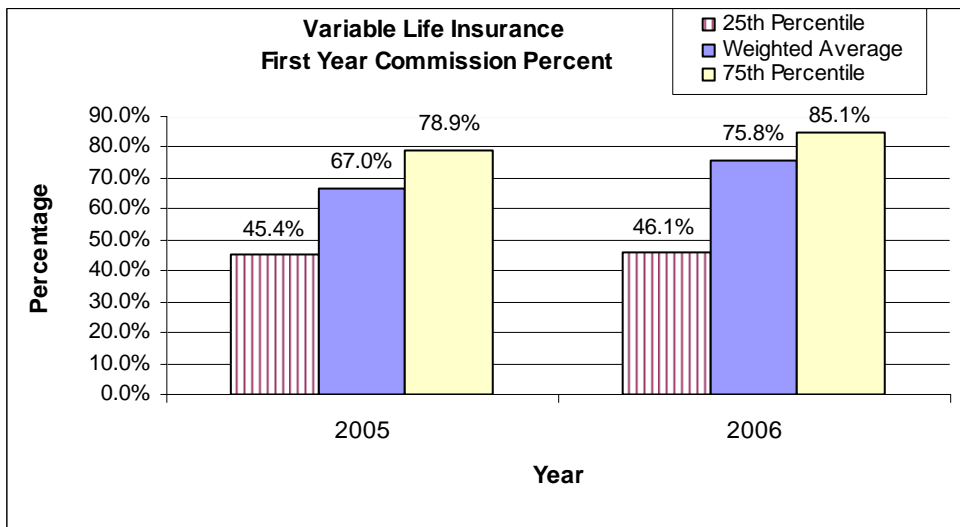
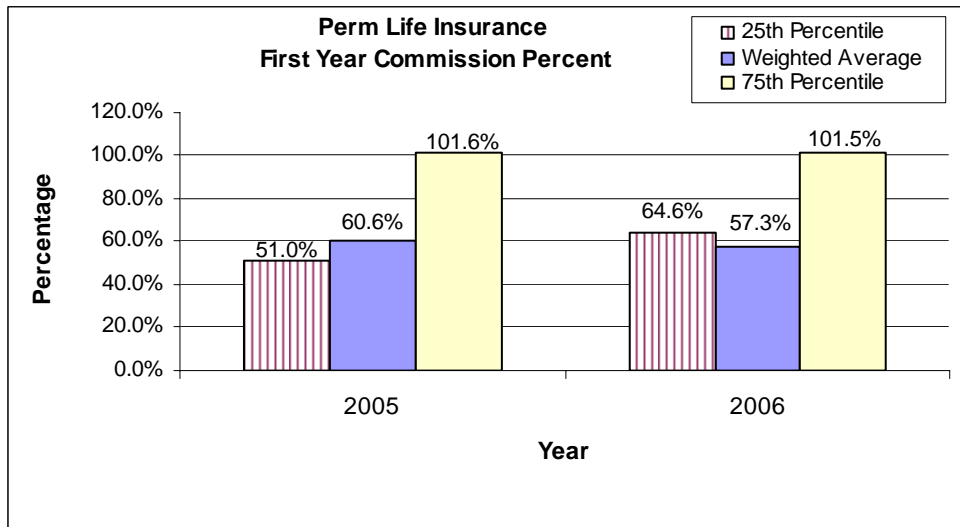
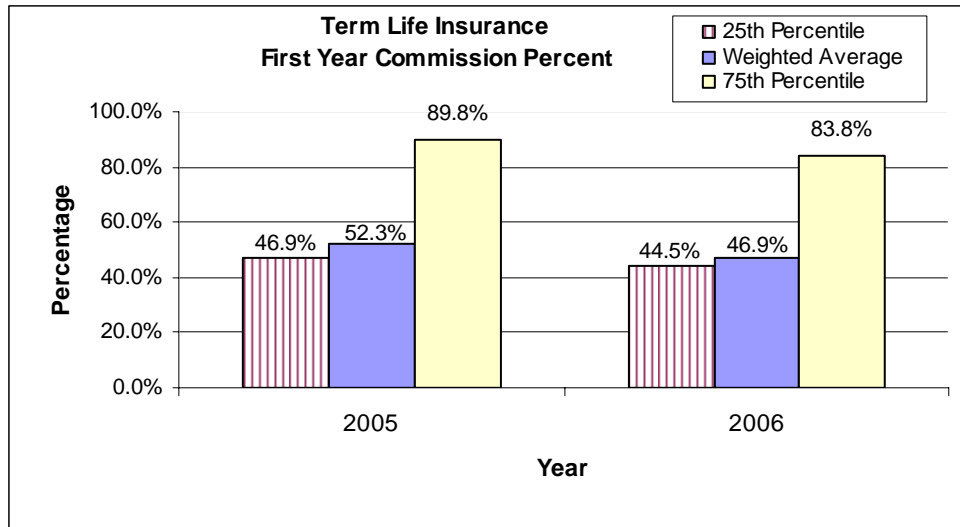
2006 Life Products
Graph 10—Acquisition Expense—All Distribution Systems Combined
Renewal Commission Percent



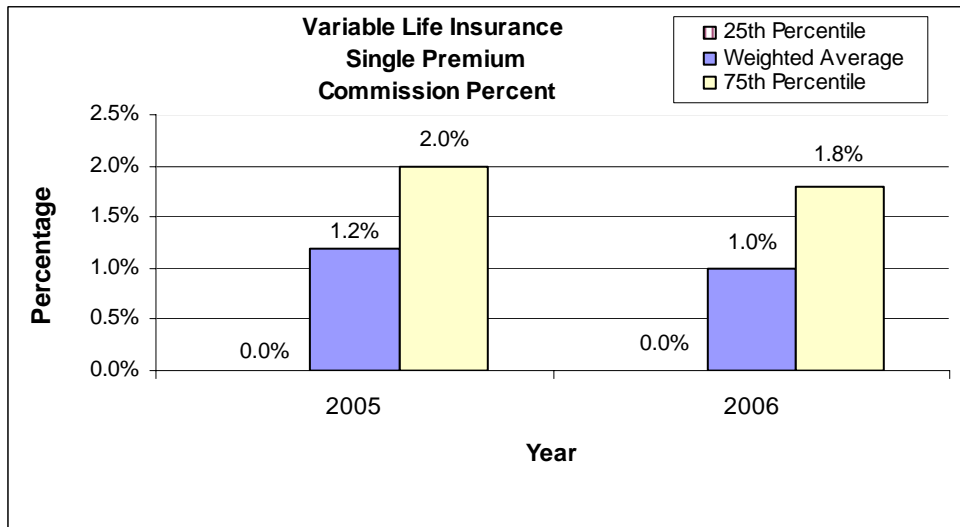
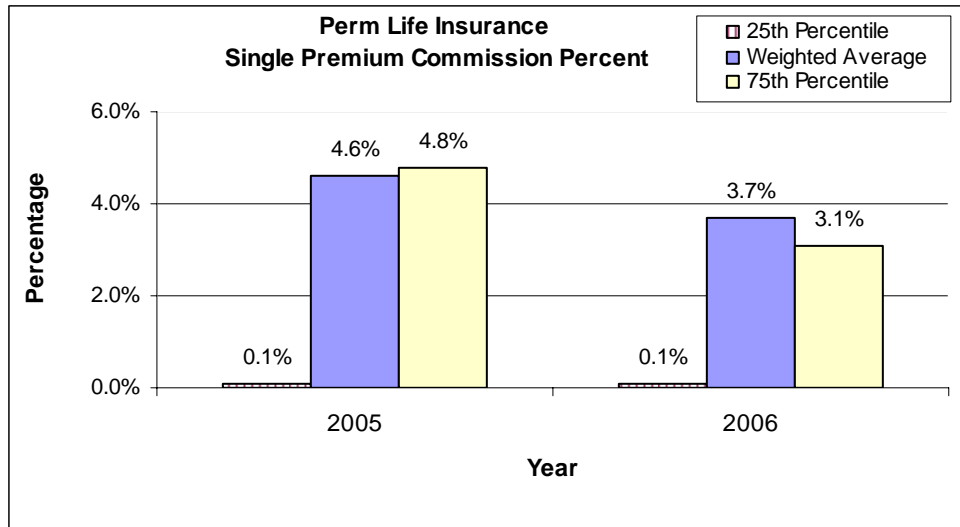
**Graph 11—Comparison of 2005 & 2006 Results
Based on only Companies Contributing in both 2005 & 2006
Acquisition—All Distribution Systems Combined
Per Policy Index**



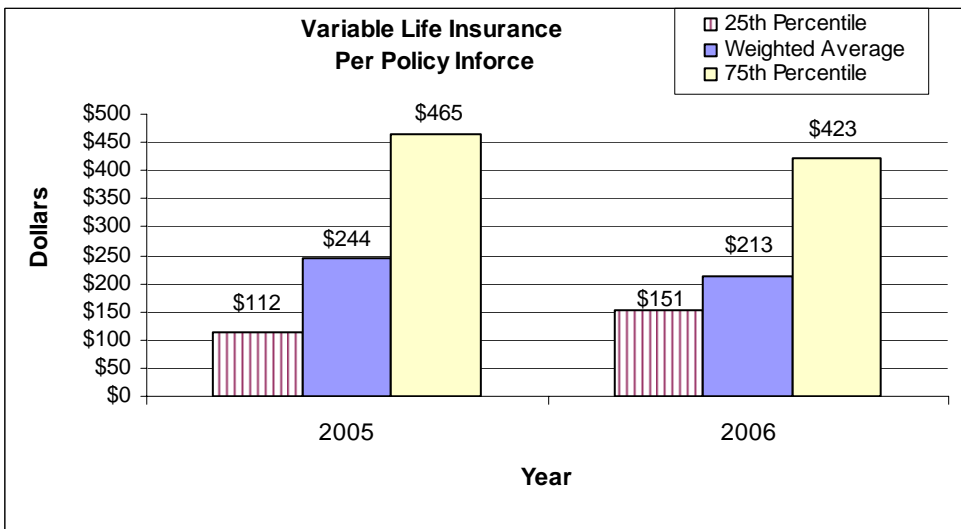
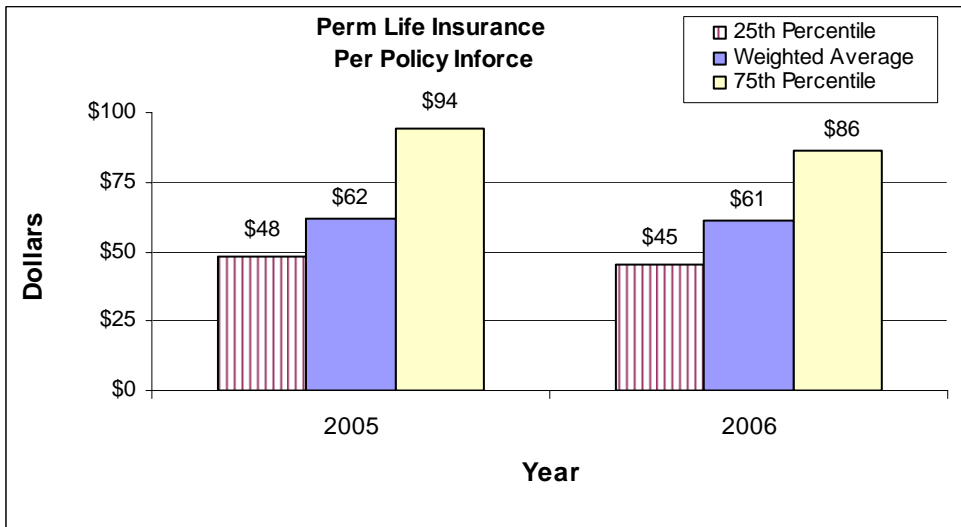
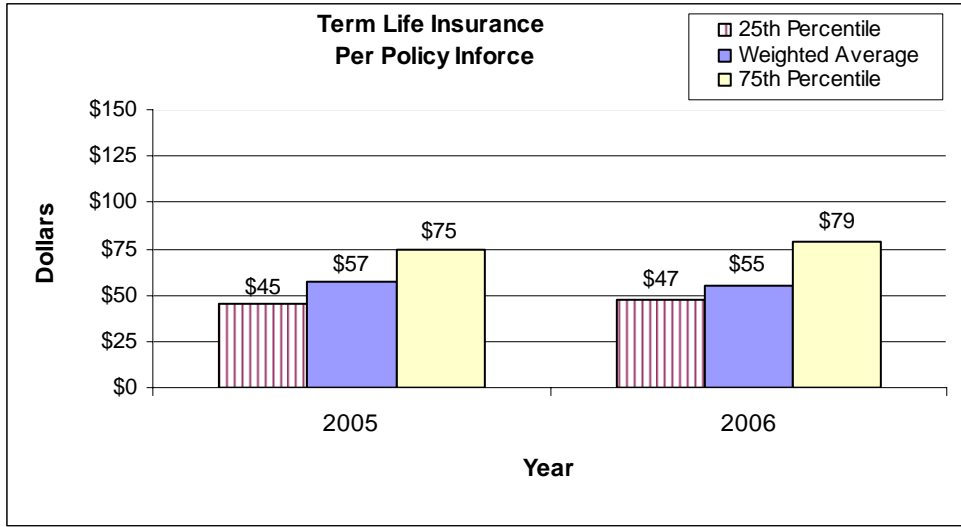
**Graph 12—Comparison of 2005 & 2006 Results
Based on only Companies Contributing in both 2005 & 2006
Acquisition—All Distribution Systems Combined
First Year Commission Percent**



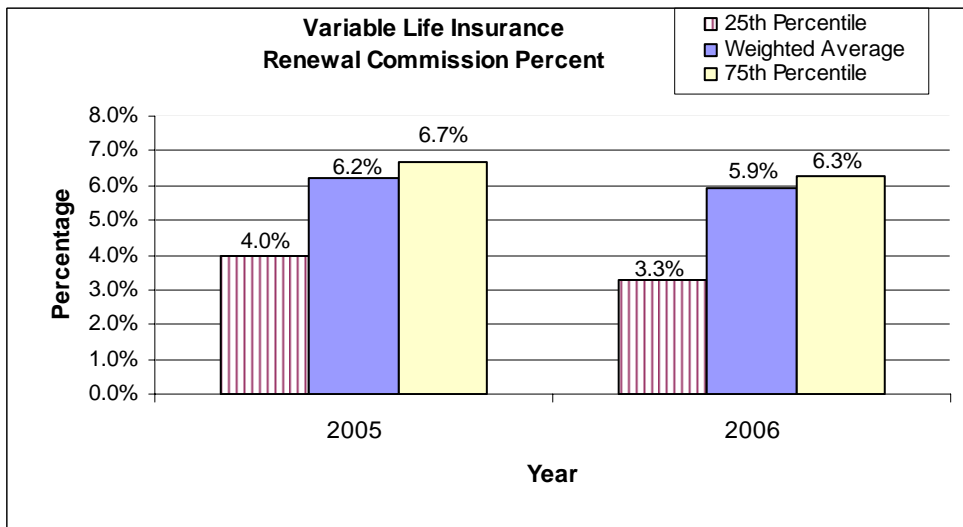
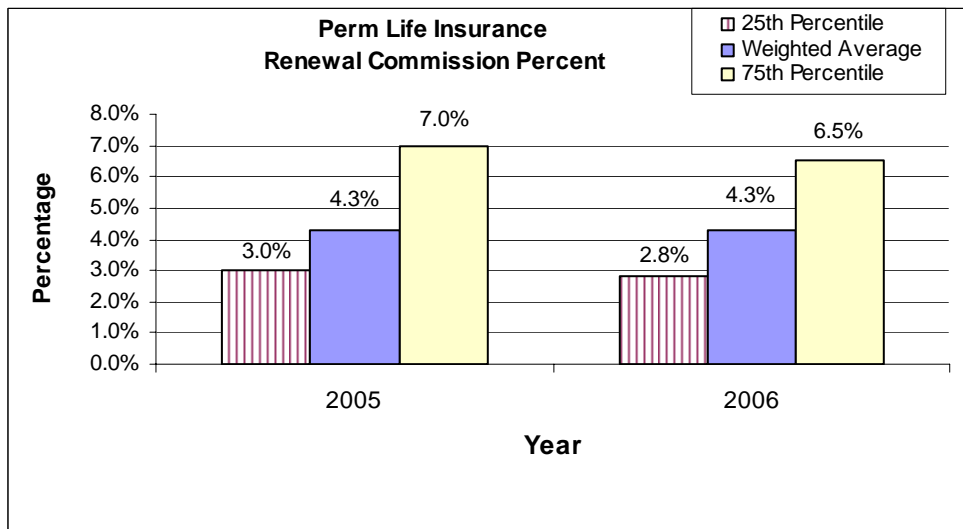
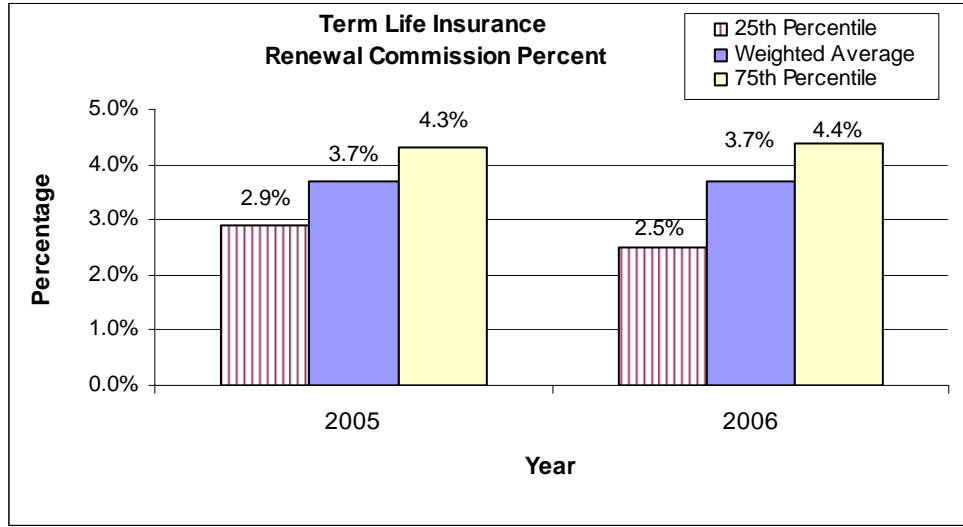
**Graph 13—Comparison of 2005 & 2006 Results
Based on only Companies Contributing in both 2005 & 2006
Acquisition—All Distribution Systems Combined
Single Premium Commission Percent**



**Graph 14—Comparison of 2005 & 2006 Results
Based on only Companies Contributing in both 2005 & 2006
Non-acquisition—All Distribution Systems Combined
Per Policy Inforce**



**Graph 15—Comparison of 2005 & 2006 Results
Based on only Companies Contributing in both 2005 & 2006
Acquisition—All Distribution Systems Combined
Renewal Commission Percent**



2006 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 10

Fixed Deferred Annuity

CAREER

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	\$142	2.2%	\$826	5.3%	4.7%
Unweighted Average	\$175	2.0%	\$806	4.7%	10.6%
Median	\$114	1.2%	\$558	4.3%	4.4%
25th Percentile	\$90	1.1%	\$297	3.2%	2.6%
75th Percentile	\$188	2.7%	\$896	6.0%	10.8%

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	\$117	0.3%	\$303	6.5%	11.6%
Unweighted Average	\$128	1.2%	\$468	5.6%	6.9%
Median	\$112	0.7%	\$465	6.2%	4.4%
25th Percentile	\$91	0.2%	\$229	5.1%	1.3%
75th Percentile	\$134	1.0%	\$687	6.6%	13.9%

TOTAL

Number of Companies =20

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$132	1.0%	\$674	5.7%	7.7%
Unweighted Average	\$315	2.5%	\$1,376	4.6%	6.8%
Median	\$126	1.2%	\$660	4.4%	4.3%
25th Percentile	\$92	1.0%	\$293	3.4%	1.9%
75th Percentile	\$237	2.6%	\$1,047	5.6%	7.9%

TOTAL

Number of Companies =20

	Non-Acquisition All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$112	\$23	\$26	0.1%	\$35,416
Unweighted Average	\$100	\$34	\$26	0.3%	\$42,136
Median	\$74	\$2	\$23	0.0%	\$29,317
25th Percentile	\$57	\$0	\$22	0.0%	\$14,524
75th Percentile	\$131	\$37	\$23	0.3%	\$43,963

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

2006 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 11

Fixed Immediate Annuity

CAREER

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	\$196	0.9%	\$890	4.1%	N/A
Unweighted Average	\$199	3.0%	\$1,306	4.3%	N/A
Median	\$146	0.8%	\$1,465	3.1%	N/A
25th Percentile	\$71	0.3%	\$710	2.6%	N/A
75th Percentile	\$308	3.7%	\$1,958	3.5%	N/A

TOTAL

Number of Companies =15

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$204	0.6%	\$1,122	4.1%	N/A
Unweighted Average	\$170	2.1%	\$1,201	3.9%	N/A
Median	\$118	1.0%	\$1,041	3.5%	N/A
25th Percentile	\$68	0.1%	\$306	2.6%	N/A
75th Percentile	\$273	2.2%	\$1,768	4.3%	N/A

TOTAL

Number of Companies =15

	Non-Acquisition All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$124	N/A	\$2	0.1%	\$41,878
Unweighted Average	\$86	N/A	\$8	0.2%	\$82,001
Median	\$97	N/A	\$1	0.0%	\$35,467
25th Percentile	\$54	N/A	\$0	0.0%	\$27,542
75th Percentile	\$117	N/A	\$2	0.2%	\$52,659

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

2006 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 12

Variable Deferred Annuity

CAREER

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	\$251	2.4%	\$988	4.9%	3.9%
Unweighted Average	\$232	2.1%	\$1,036	4.4%	4.3%
Median	\$225	2.5%	\$688	4.1%	4.2%
25th Percentile	\$148	1.3%	\$558	3.2%	3.2%
75th Percentile	\$299	2.9%	\$1,583	5.4%	4.7%

TOTAL

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	\$161	0.9%	\$899	7.0%	5.9%
Unweighted Average	\$387	2.5%	\$1,526	6.6%	6.2%
Median	\$221	2.7%	\$771	5.5%	5.9%
25th Percentile	\$141	0.9%	\$567	3.3%	4.1%
75th Percentile	\$297	3.5%	\$2,161	7.1%	7.1%

TOTAL

Number of Companies =9

	Non-Acquisition All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$150	\$8	\$7	0.1%	\$46,708
Unweighted Average	\$178	\$21	\$28	0.3%	\$30,377
Median	\$170	\$6	\$35	0.1%	\$20,996
25th Percentile	\$123	\$0	\$4	0.0%	\$8,443
75th Percentile	\$193	\$19	\$35	0.6%	\$46,629

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

2006 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY
TABLE 13—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	13	\$142	2.2%	\$826	5.3%	4.7%
Fixed Immediate Annuity	9	\$196	0.9%	\$890	4.1%	N/A
Variable Deferred Annuity	6	\$251	2.4%	\$988	4.9%	3.9%
TOTAL	14	\$175	2.2%	\$875	5.0%	4.2%

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	6	\$117	0.3%	\$303	6.5%	11.6%
TOTAL	7	\$127	0.5%	\$443	7.0%	11.3%

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	20	\$132	1.0%	\$674	5.7%	7.7%
Fixed Immediate Annuity	15	\$204	0.6%	\$1,122	4.1%	N/A
Variable Deferred Annuity	9	\$161	0.9%	\$899	7.0%	5.9%
TOTAL	21	\$142	1.0%	\$749	6.2%	6.6%

TOTAL

	Number of Companies	Non-Acquisition - All Distribution Systems Combined				
		Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
Fixed Deferred Annuity	20	\$112	\$23	\$26	0.1%	\$35,416
Fixed Immediate Annuity	15	\$124	N/A	\$2	0.1%	\$41,878
Variable Deferred Annuity	9	\$150	\$8	\$7	0.1%	\$46,708
TOTAL	21	\$121	\$20	\$17	0.1%	\$38,054

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

2006 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 14

Fixed Deferred 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	\$171	1.1%	\$541	4.3%	5.1%
Unweighted Average	\$183	1.5%	\$598	4.1%	3.6%
Median	\$123	1.2%	\$518	3.5%	2.9%
25th Percentile	\$67	1.0%	\$301	3.0%	1.9%
75th Percentile	\$163	1.2%	\$857	4.4%	4.9%

SMALL

Number of Companies = 10

	Non-Acquisition All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$61	\$19	\$23	0.2%	\$27,601
Unweighted Average	\$75	\$47	\$23	0.3%	\$52,843
Median	\$70	\$17	\$23	0.1%	\$28,704
25th Percentile	\$55	\$0	\$23	0.0%	\$14,937
75th Percentile	\$90	\$37	\$23	0.3%	\$40,371

MEDIUM

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	\$147	1.2%	\$448	4.8%	3.1%
Unweighted Average	\$634	5.0%	\$3,030	4.4%	6.1%
Median	\$230	3.5%	\$1,781	4.4%	4.4%
25th Percentile	\$112	1.6%	\$405	3.9%	2.4%
75th Percentile	\$600	5.0%	\$3,241	5.1%	9.3%

MEDIUM

Number of Companies = 6

	Non-Acquisition All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$56	\$53	\$31	0.2%	\$20,936
Unweighted Average	\$112	\$25	\$38	0.3%	\$26,602
Median	\$66	\$13	\$23	0.2%	\$23,442
25th Percentile	\$56	\$1	\$23	0.0%	\$15,740
75th Percentile	\$146	\$39	\$35	0.4%	\$29,527

2006 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 14

Fixed Deferred Annuity

LARGE

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	\$126	1.0%	\$742	5.9%	13.4%
Unweighted Average	\$133	1.0%	\$644	6.2%	14.2%
Median	\$123	1.0%	\$609	6.2%	7.9%

LARGE

Number of Companies =4

	Non-Acquisition All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$143	\$0	\$25	0.1%	\$42,595
Unweighted Average	\$144	\$0	\$14	0.0%	\$38,668
Median	\$146	\$0	\$14	0.0%	\$44,488

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

2006 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 15

Fixed Immediate Annuity

SMALL

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	\$145	0.9%	\$637	2.5%	N/A
Unweighted Average	\$125	2.5%	\$894	3.8%	N/A
Median	\$67	0.5%	\$347	2.6%	N/A
25th Percentile	\$48	0.0%	\$179	2.1%	N/A
75th Percentile	\$126	2.0%	\$1,664	3.1%	N/A

SMALL

Number of Companies = 8

	Non-Acquisition				
	All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$45	\$29	\$8	0.1%	\$30,504
Unweighted Average	\$58	\$22	\$2	0.1%	\$67,227
Median	\$61	\$0	\$0	0.1%	\$34,857
25th Percentile	\$29	\$0	\$0	0.0%	\$29,783
75th Percentile	\$98	\$0	\$0	0.2%	\$49,319

MEDIUM

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	\$182	0.4%	\$1,546	4.1%	N/A
Unweighted Average	\$198	2.1%	\$1,933	3.8%	N/A
Median	\$197	1.6%	\$1,696	3.8%	N/A

MEDIUM

Number of Companies = 4

	Non-Acquisition				
	All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$85	\$6	\$1	0.1%	\$36,684
Unweighted Average	\$88	\$5	\$1	0.3%	\$145,135
Median	\$80	\$0	\$2	0.2%	\$40,526

2006 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 15

Fixed Immediate Annuity

LARGE

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	\$235	1.1%	\$973	4.4%	N/A
Unweighted Average	\$235	1.2%	\$940	4.2%	N/A
Median	\$274	1.1%	\$919	4.5%	N/A

LARGE

Number of Companies =3

	Non-Acquisition All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$153	\$0	\$1	0.0%	\$46,017
Unweighted Average	\$157	\$0	\$25	0.0%	\$37,219
Median	\$163	\$0	\$1	0.0%	\$35,122

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

2006 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 16

Variable Deferred Annuity

MEDIUM

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	\$373	3.3%	\$1,637	4.8%	4.8%
Unweighted Average	\$550	3.6%	\$2,073	7.5%	6.9%
Median	\$297	3.5%	\$2,161	5.5%	6.9%

MEDIUM

Number of Companies = 5

	Non-Acquisition				
	All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$169	\$15	\$184	0.6%	\$25,984
Unweighted Average	\$179	\$30	\$18	0.4%	\$27,776
Median	\$170	\$13	\$18	0.3%	\$20,996

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

2006 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY
Table 17

Annuity Products - Comparison of 2005 and 2006 Unit Costs
for Companies Contributing in both 2005 and 2006

Fixed Deferred Annuity

Number of Companies Contributing = 14

	Acquisition		Commission Percent				Non-acquisition	
	Per Policy Index		First Year/Single Premium		Renewal		Per Policy Inforce	
	2005	2006	2005	2006	2005	2006	2005	2006
Weighted Average	\$587	\$698	5.9%	5.4%	4.7%	4.6%	\$95	\$106
25th Percentile	\$299	\$284	3.3%	3.0%	1.9%	1.7%	\$56	\$54
75th Percentile	\$685	\$857	5.5%	5.4%	5.9%	6.5%	\$112	\$95
25th Percentile Difference		-23%		-29%		-8%		-18%
75th Percentile Difference		50%		1%		18%		24%

Fixed Immediate Annuity

Number of Companies Contributing = 10

	Acquisition		Commission Percent				Non-acquisition	
	Per Policy Index		First Year/Single Premium		Renewal		Per Policy Inforce	
	2005	2006	2005	2006	2005	2006	2005	2006
Weighted Average	\$407	\$639	3.6%	4.1%	NA	NA	\$148	\$125
25th Percentile	\$195	\$293	2.8%	2.5%	NA	NA	\$46	\$54
75th Percentile	\$997	\$1,839	5.4%	4.4%	NA	NA	\$125	\$101
25th Percentile Difference		2%		-17%		NA		-67%
75th Percentile Difference		147%		24%		NA		11%

Variable Deferred Annuity

Number of Companies Contributing = 6

	Acquisition		Commission Percent				Non-acquisition	
	Per Policy Index		First Year/Single Premium		Renewal		Per Policy Inforce	
	2005	2006	2005	2006	2005	2006	2005	2006
Weighted Average	\$651	\$579	7.4%	7.0%	5.4%	5.8%	\$130	\$134
25th Percentile	\$501	\$554	3.5%	3.2%	3.3%	3.2%	\$120	\$117
75th Percentile	\$690	\$725	7.3%	6.7%	6.4%	7.1%	\$241	\$188
25th Percentile Difference		-13%		-12%		-4%		-19%
75th Percentile Difference		15%		7%		10%		13%

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

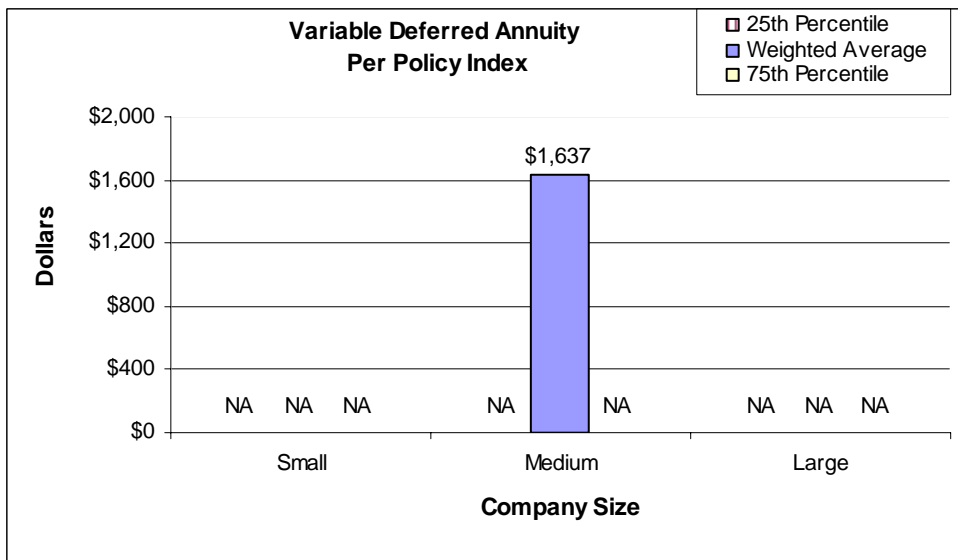
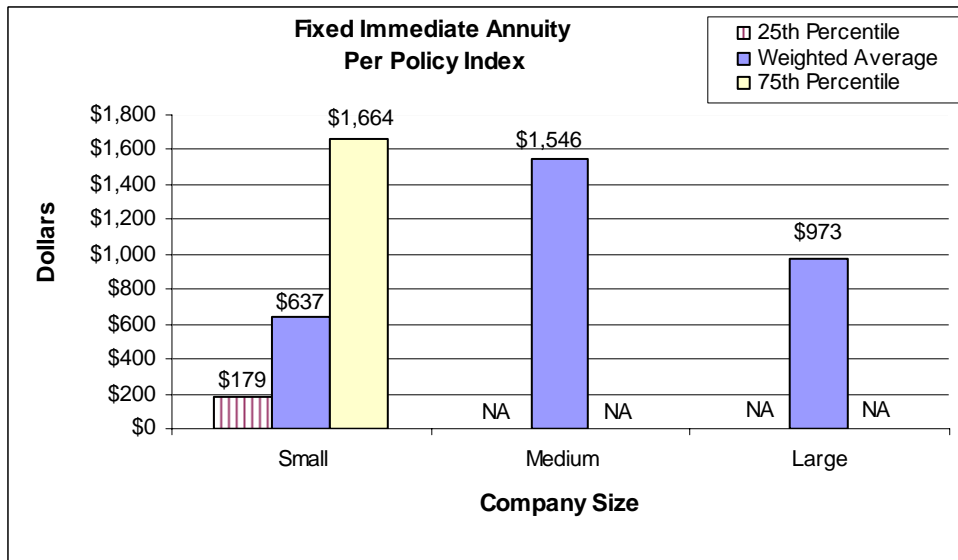
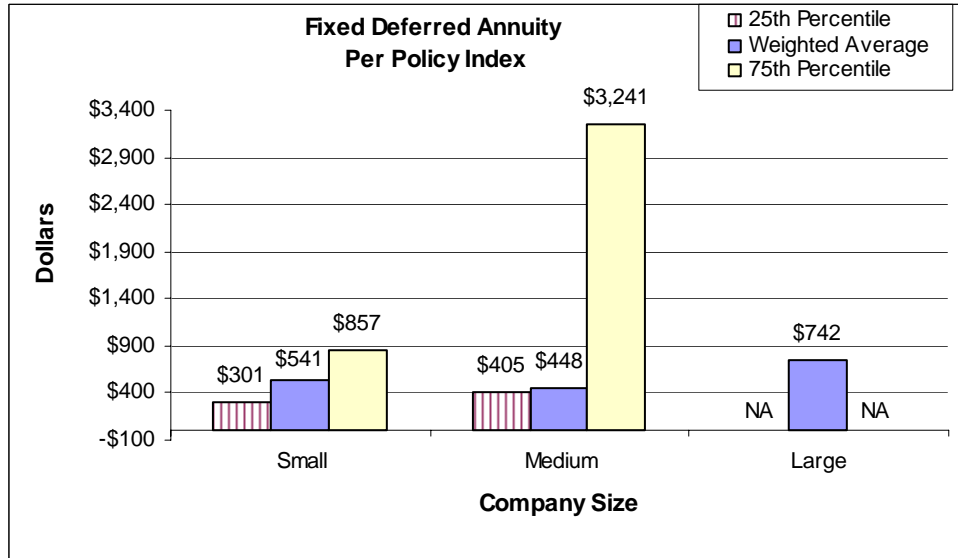
2006 SOA Expense Study
Table 18 - Total Expense Units - All Companies

	Annuity Products							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
A. New Business - Direct								
1. Policies / Contracts Issued	65,357	82,706	1,106	59,021	0	1,004	106,300	315,494
2. First Year Premium Collected	663,684,671	238,225,110	53,592,678	0	0	4,268,923	8,340,859,028	9,300,630,410
3. Single Premium Collected	1,448,175,168	4,744,834,279	24,183,311	3,684,319,239	0	30,823,319	556,956,298	10,489,291,613
B. Inforce - Direct - Current Year								
1. Policies / Contracts	946,940	523,920	12,318	344,786	0	13,710	977,438	2,819,112
2. Volume (not applicable to annuities)	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
3. Renewal Premium Collected	379,572,674	43,381,606	5,638,317	0	0	5,331,133	471,397,190	905,320,920
4. Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	111,635,772,355	111,635,772,355
C. Inforce - Direct - Previous Year								
1. Policies / Contracts	960,451	517,269	12,601	333,699	0	13,854	942,626	2,780,500
2. Renewal Premium Collected	395,128,038	51,188,615	4,524,372	0	0	4,812,281	412,919,083	868,572,388
3. Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	101,508,968,006	101,508,968,006
D. Claims/Contracts								
1. Number of Surrenders/Lapses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	181,231	181,231
2. Number of Annuity Contracts on which a Periodic Payment was made	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	358,754	358,754

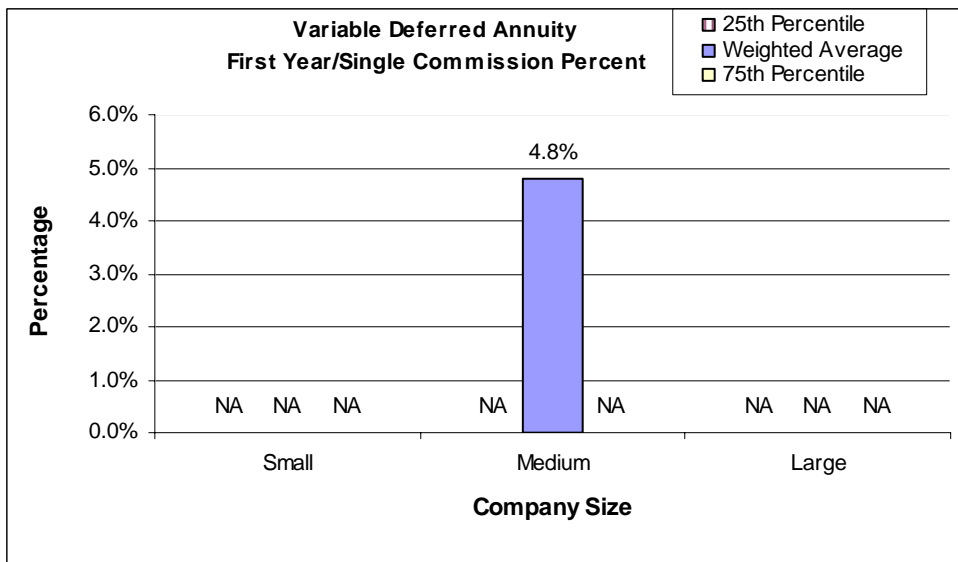
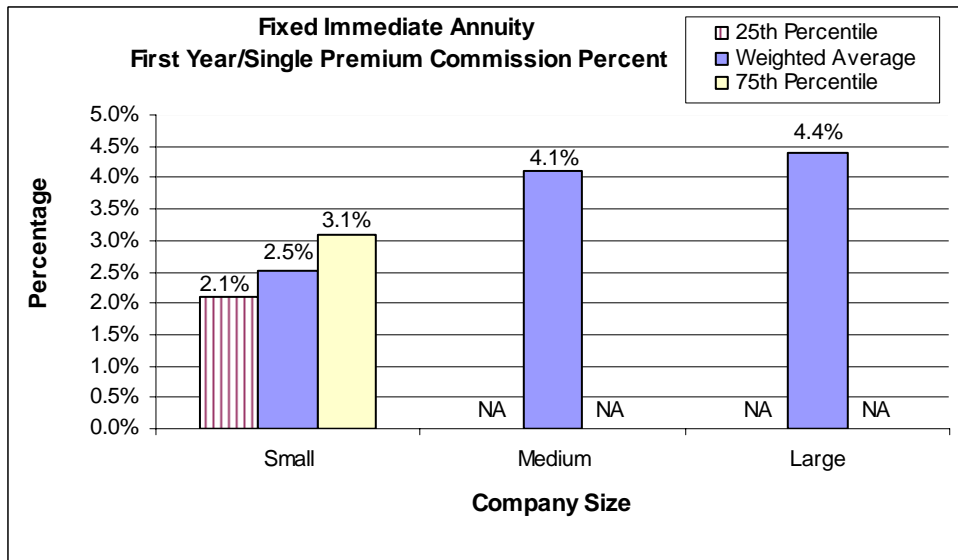
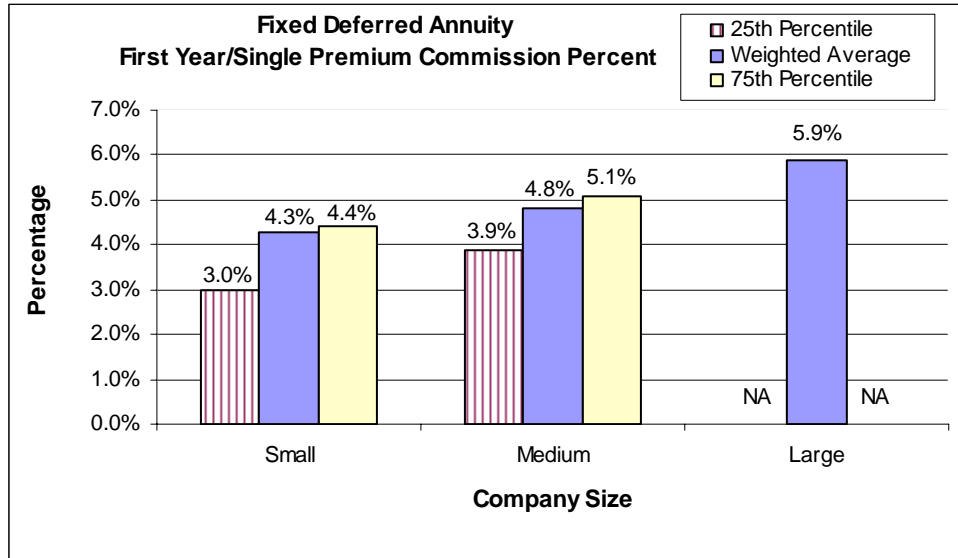
2006 SOA Expense Study
Table 18 - Total Expenses - All Companies

Function	Annuity Products							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
E. Commissions Paid								
1. First Year Commissions	39,311,265	67,104,725	2,982,763	0	0	261,006	547,842,300	657,502,059
2. Single Commissions	68,745,421	279,896,885	878,965	188,396,698	0	982,651	24,087,811	562,988,430
3. Renewal Commissions	15,866,633	4,890,987	359,060	5,608,091	0	188,851	32,921,718	59,835,339
F. Acquisition / Developmental Expenses Paid								
1. Sales / Marketing	43,126,420	24,815,945	1,461,000	32,692,026	0	1,095,212	77,583,232	180,773,836
2. UW - IR and ME - Not applicable	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0
3. UW - Other - Not applicable	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0
4. Policy / Contract Issue	6,231,290	7,989,001	150,000	5,974,437	0	372,396	2,437,789	23,154,913
5. Product Development	2,668,419	2,022,577	338,000	0	0	87,791	121,663	5,238,450
6. Other Acquisition	5,176,625	1,767,525	17,000	0	0	1,000	20,311,490	27,273,640
G. Other Expenses Paid								
1. Benefit Department(s) / Claim Settlement Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	4,972,641	4,972,641
2. Policyowner Services	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	47,983,904	47,983,904
3. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	3,537,524	3,537,524
4. Significant Non-recurring Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	25,020,905	25,020,905
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	253,754,819	253,754,819
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	6,882,049	6,882,049
7. Other Non-overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	10,943,372	10,943,372
H. Premium Tax & Guar Assoc Assessments								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	16,632,947	16,632,947
I. Total Expenses								
	181,126,074	388,487,645	6,186,787	232,671,251	0	2,988,906	1,068,152,117	1,879,612,780

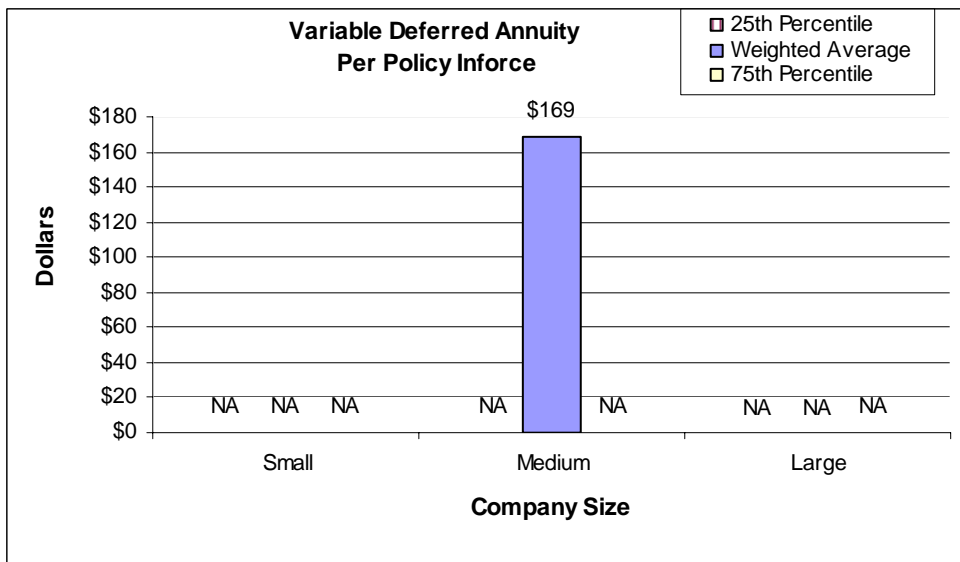
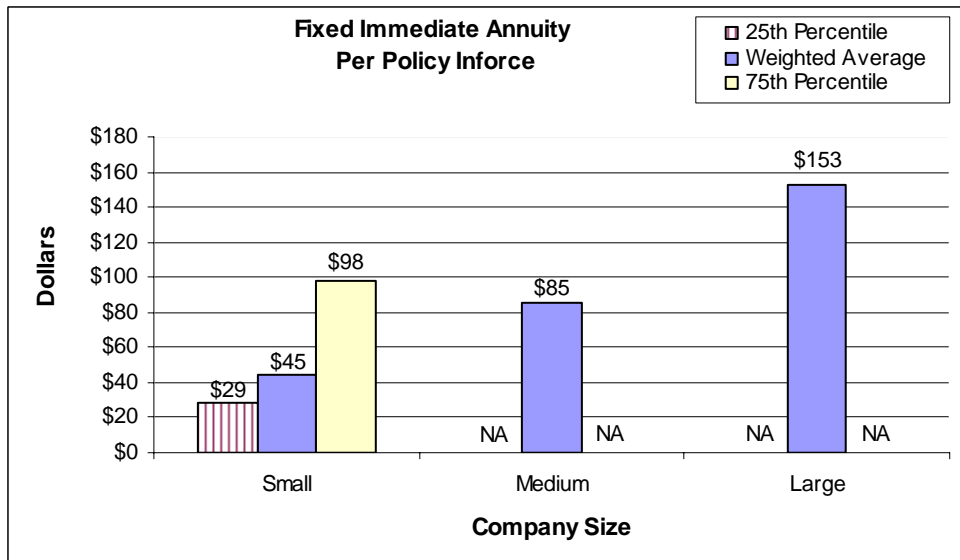
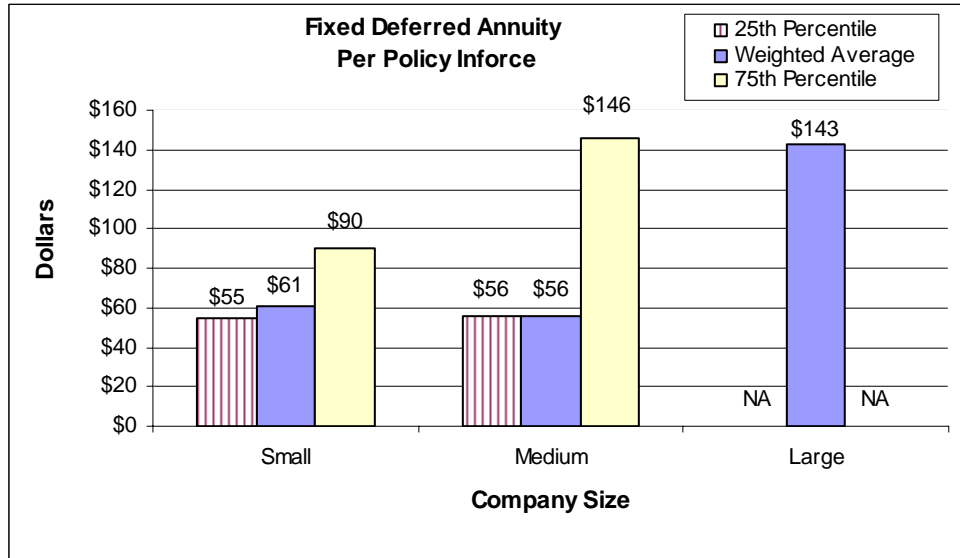
2006 Annuity Products
Graph 16—Acquisition Expense—All Distribution Systems Combined
Per Policy Index



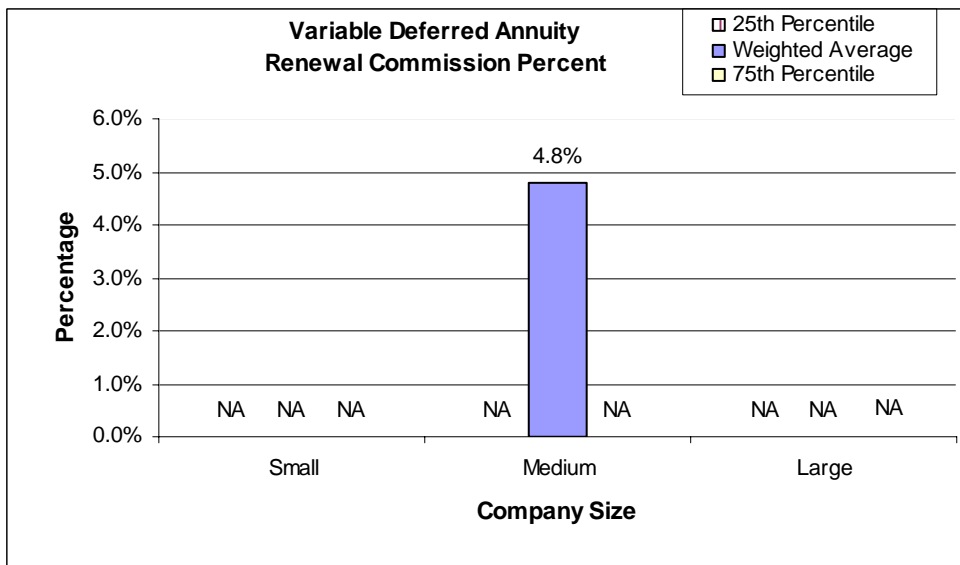
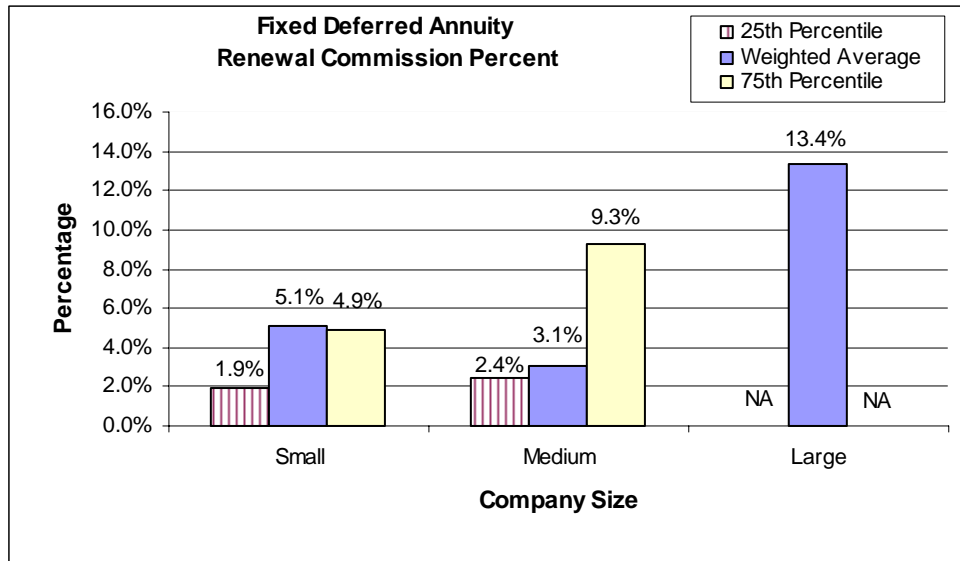
2006 Annuity Products
Graph 17—Acquisition Expense—All Distribution Systems Combined
First Year/Single Premium Commission Percent



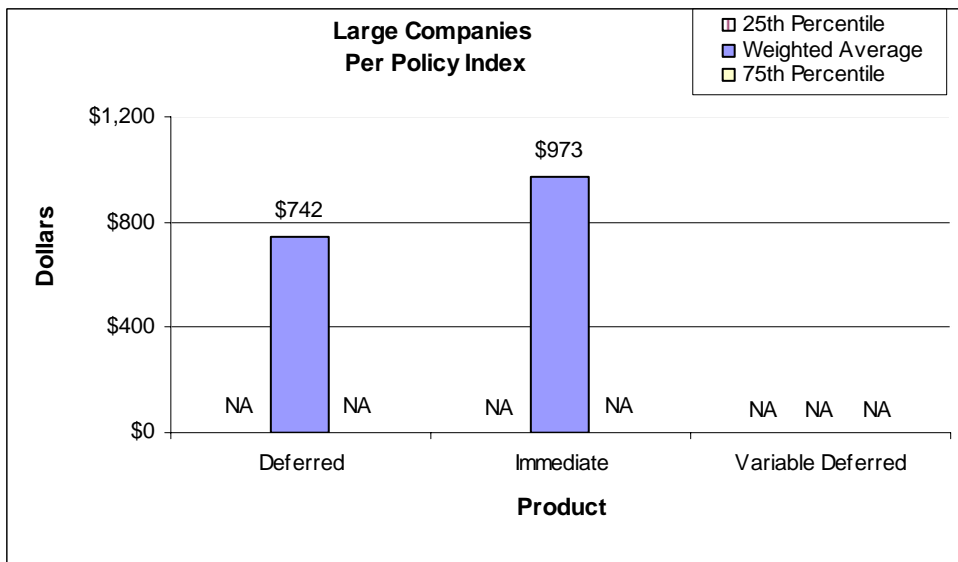
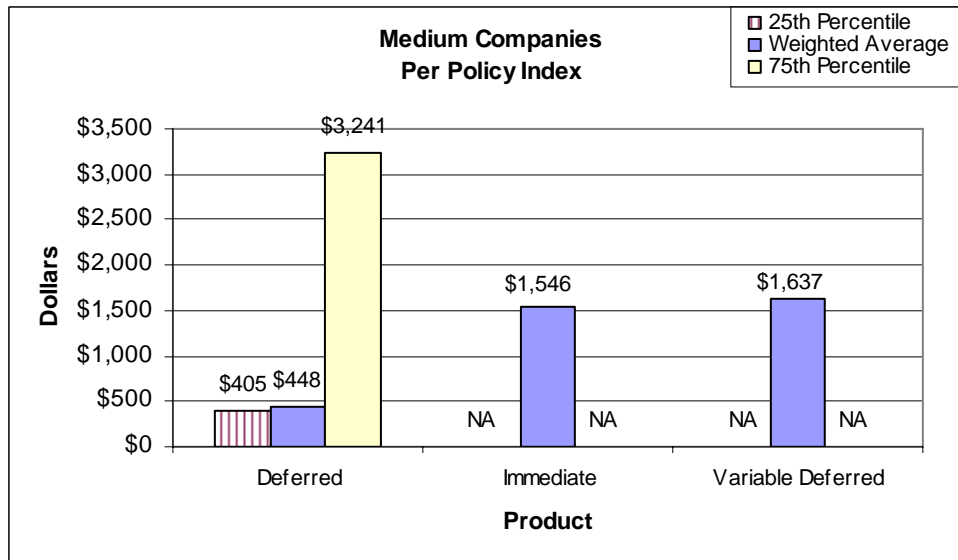
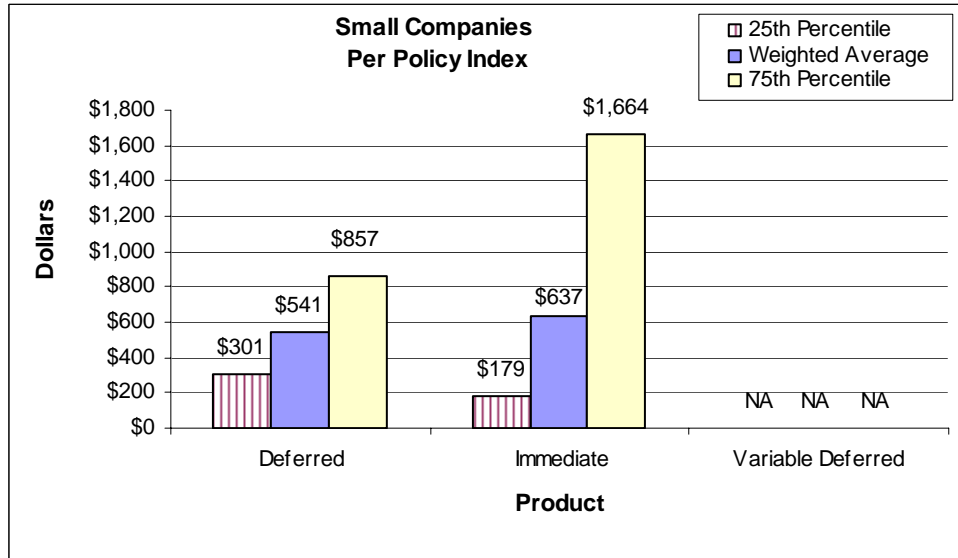
2006 Annuity Products
Graph 18—Non-acquisition Expense—All Distribution Systems Combined
Per Policy Inforce



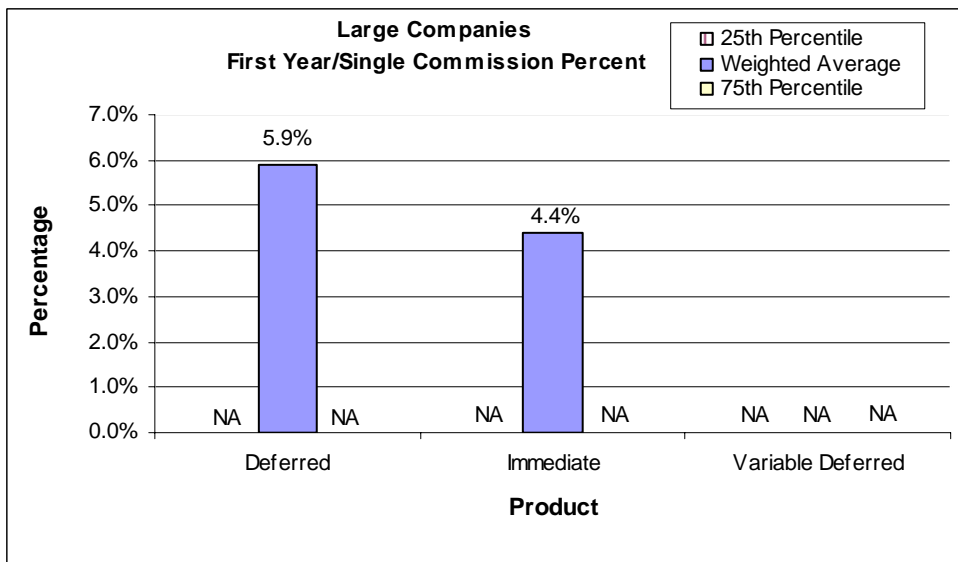
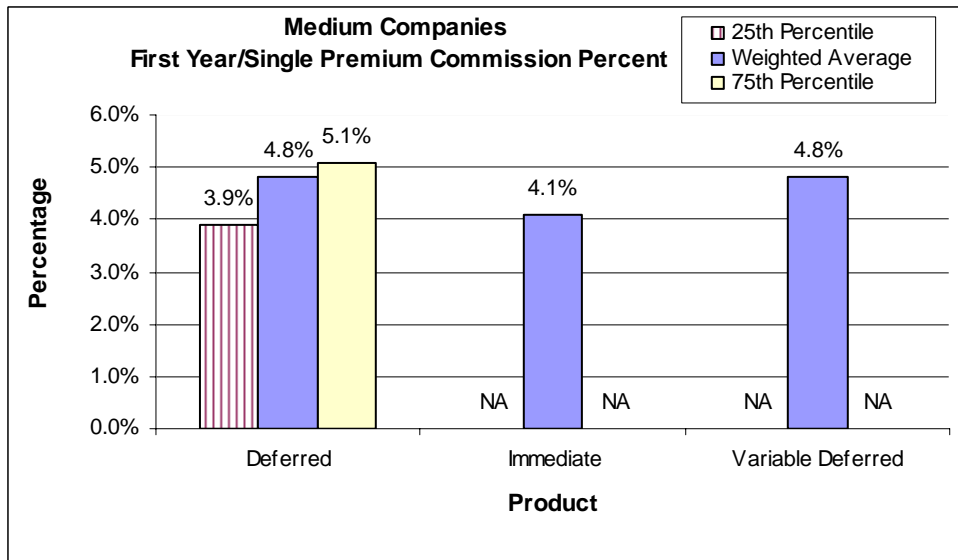
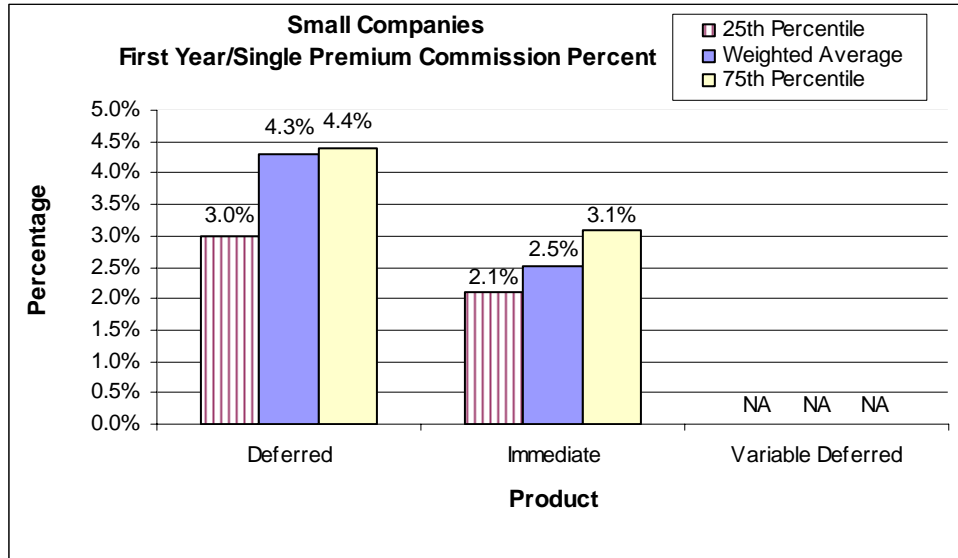
2006 Annuity Products
Graph 19—Acquisition Expense—All Distribution Systems Combined
Renewal Commission Percent



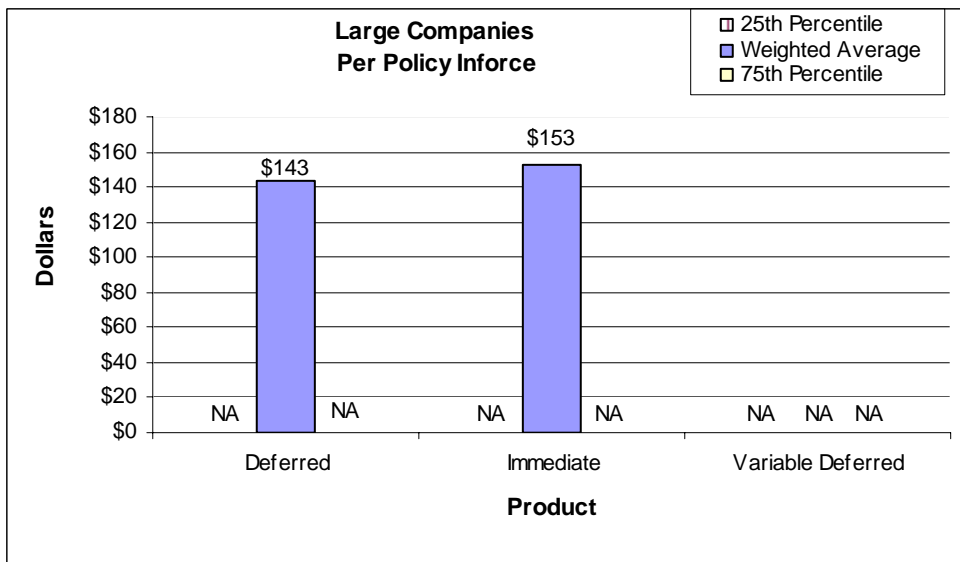
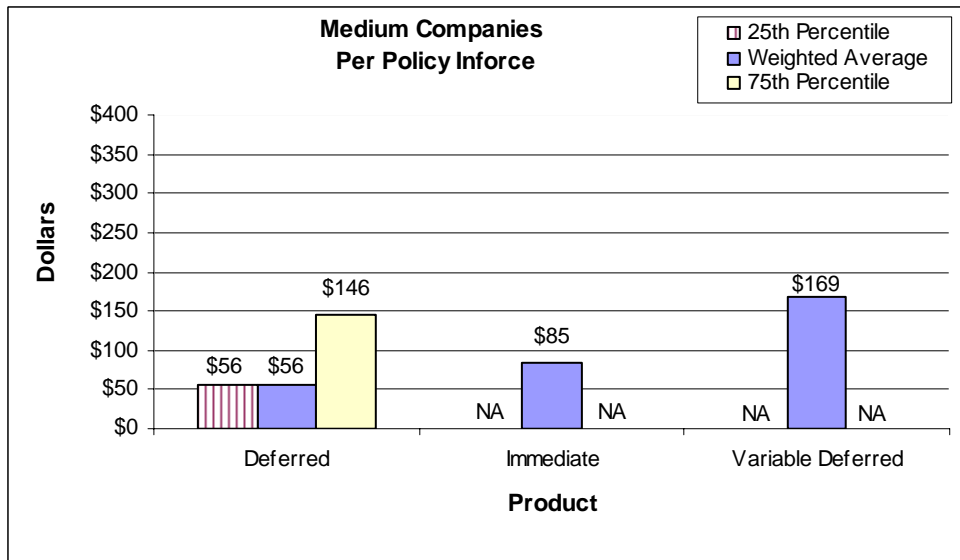
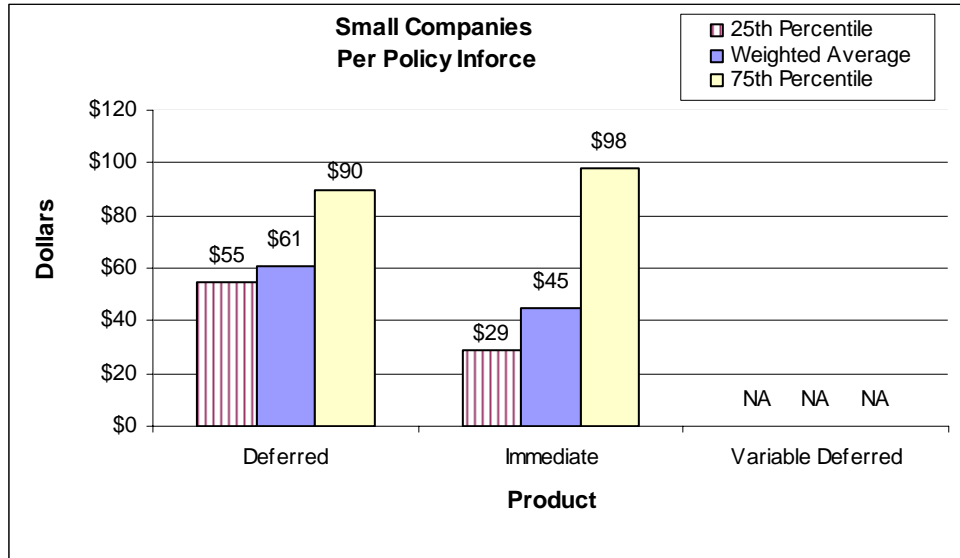
2006 Annuity Products
Graph 20—Acquisition Expense—All Distribution Systems Combined
Per Policy Index



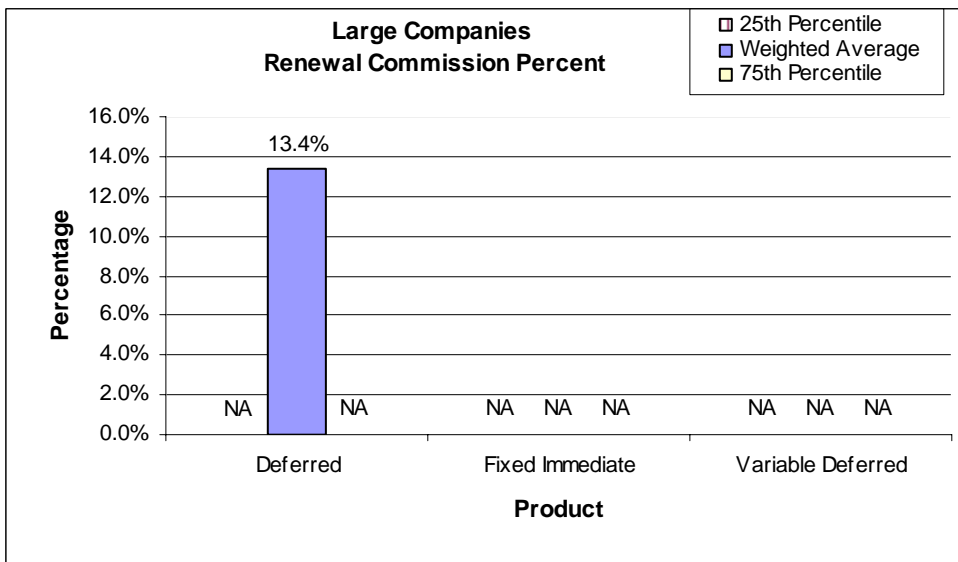
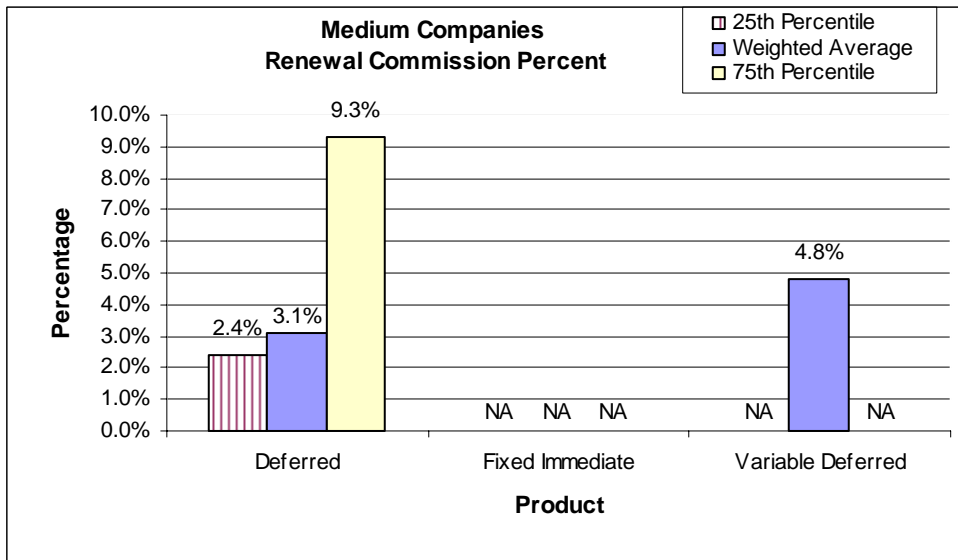
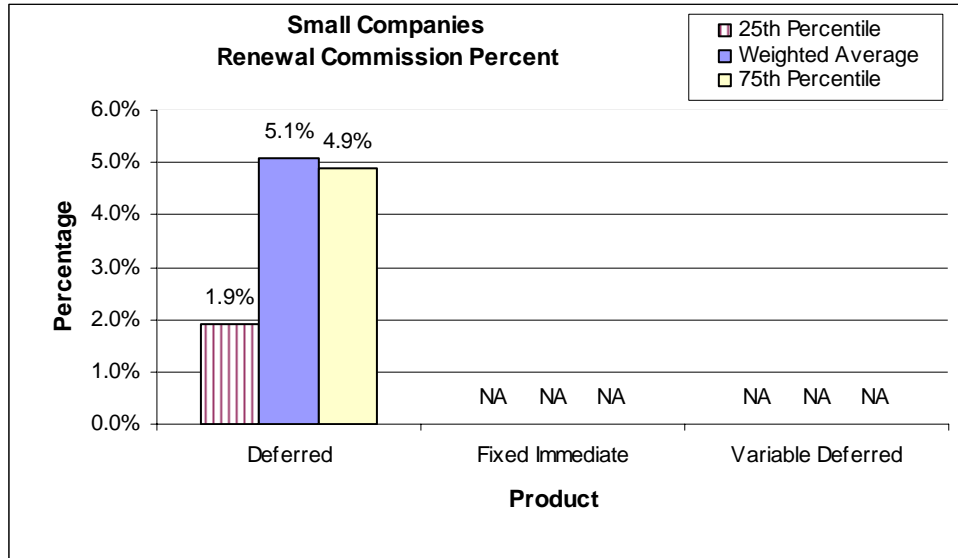
2006 Annuity Products
Graph 21—Acquisition Expense—All Distribution Systems Combined
First Year/Single Premium Commission Percent



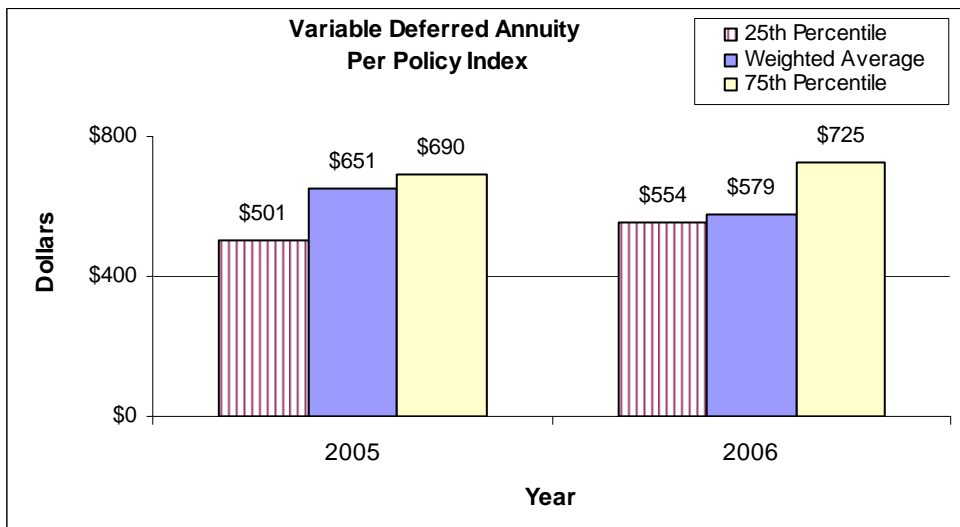
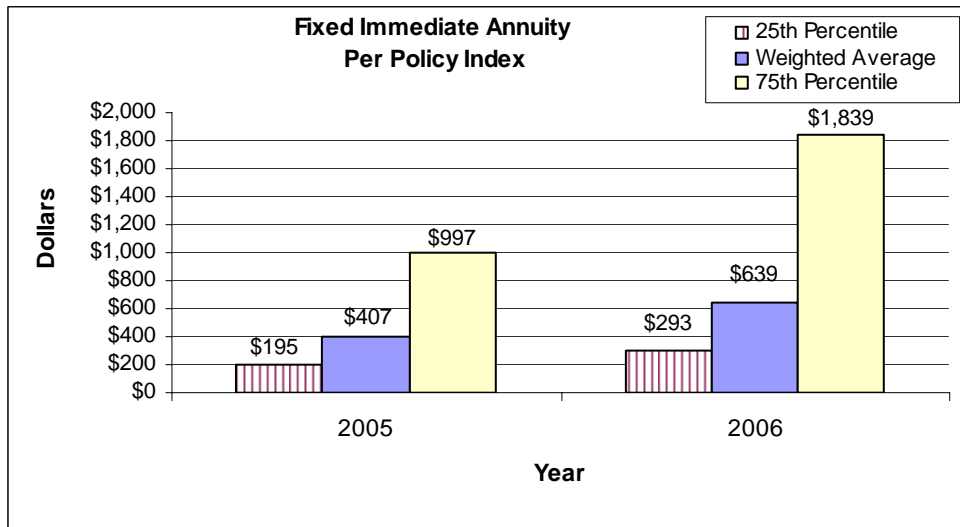
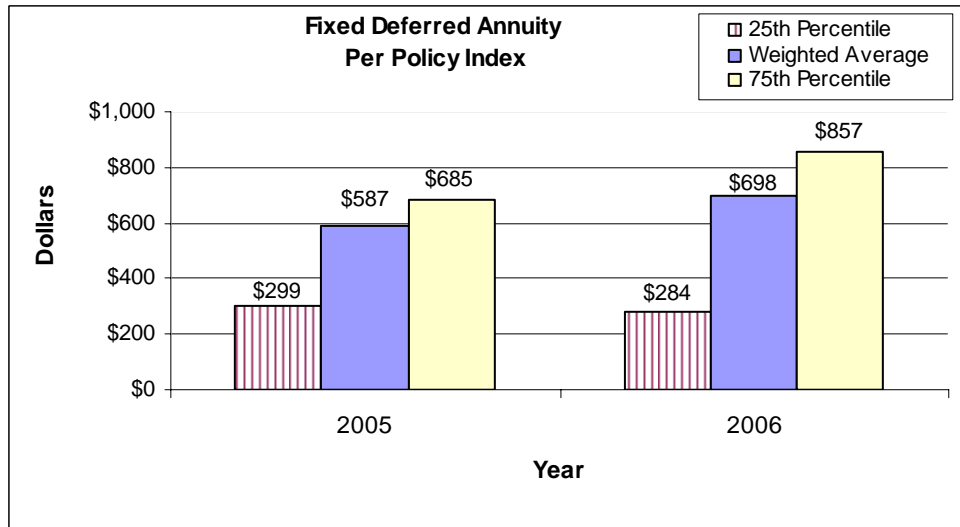
2006 Annuity Products
Graph 22—Non-acquisition Expense—All Distribution Systems Combined
Per Policy Inforce



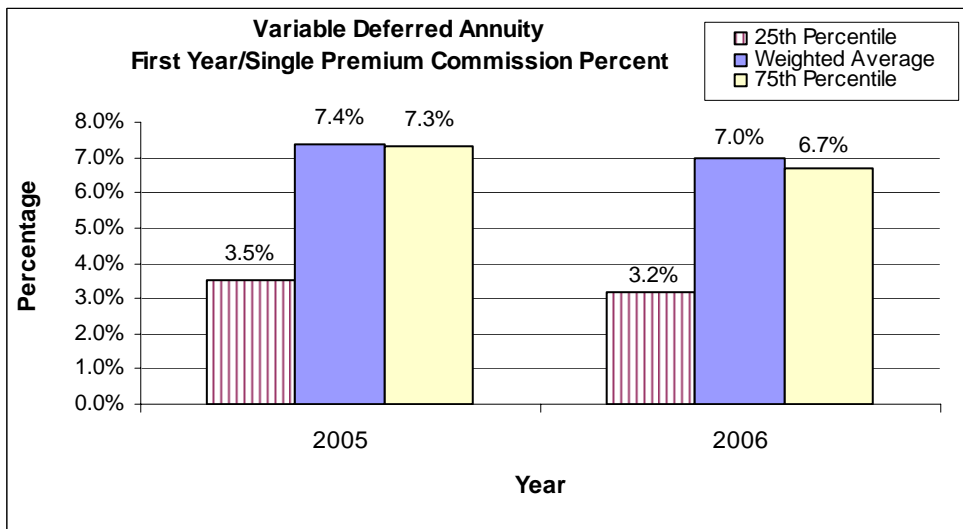
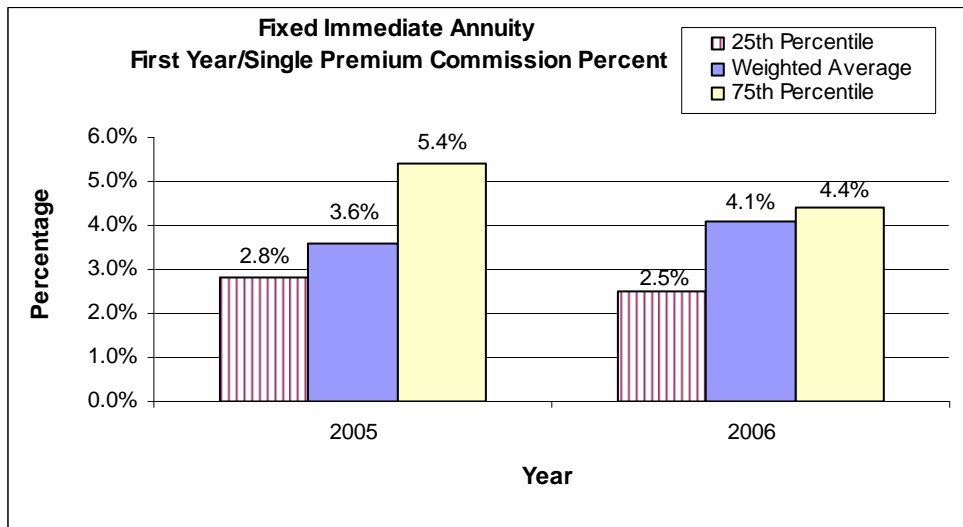
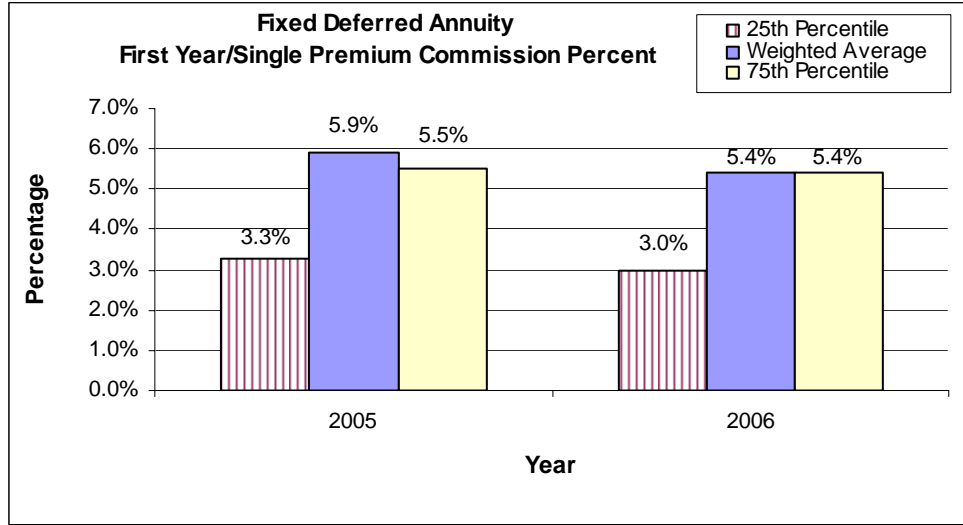
2006 Annuity Products
Graph 23—Acquisition Expense—All Distribution Systems Combined
Renewal Commission Percent



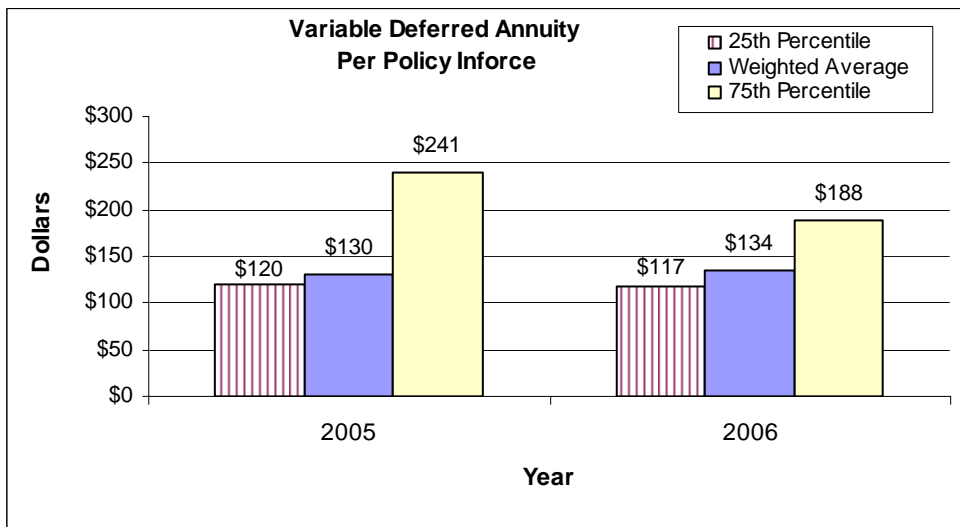
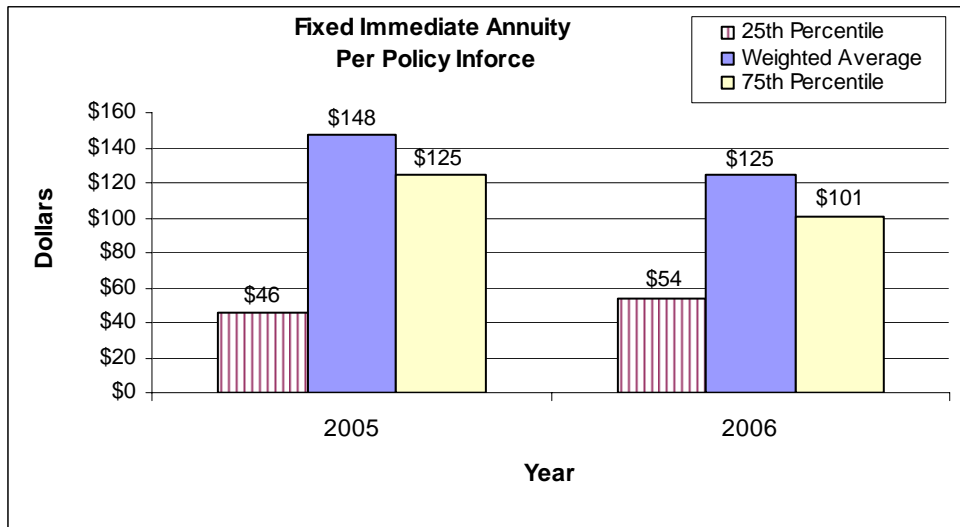
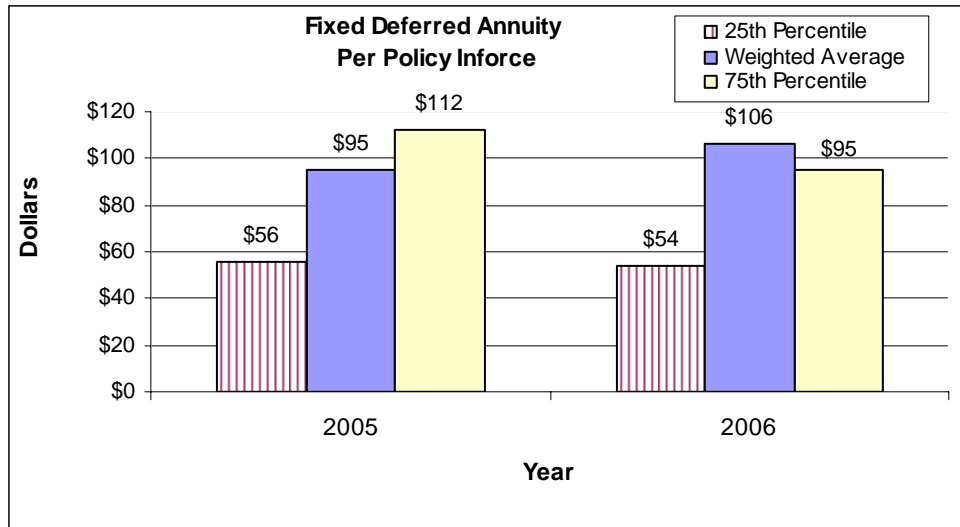
**Graph 24—Comparison of 2005 & 2006 Results
Based on only Companies Contributing in both 2005 & 2006
Acquisition—All Distribution Systems Combined
Per Policy Index**



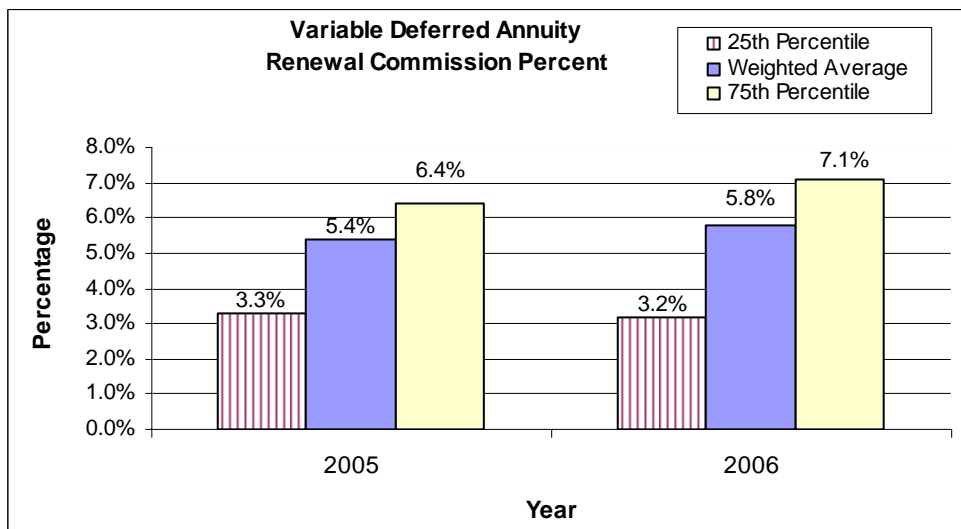
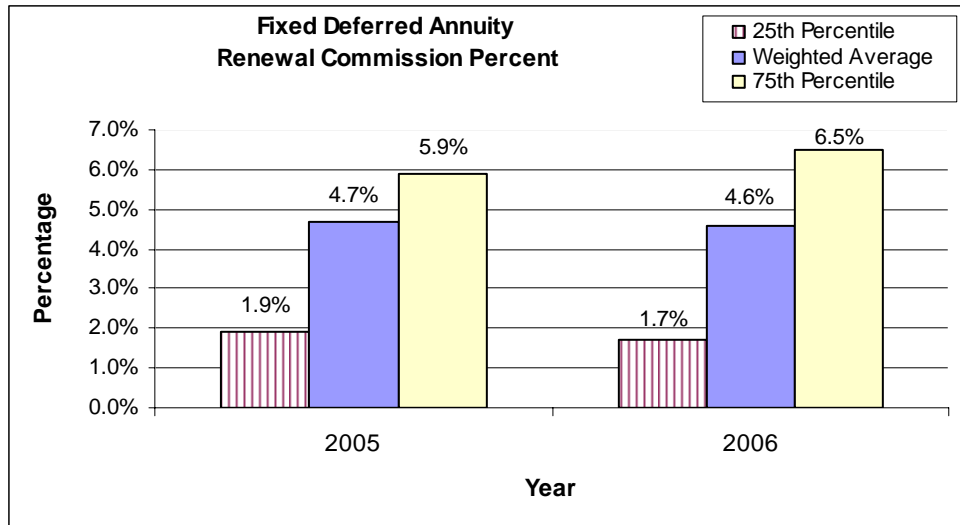
**Graph 25—Comparison of 2005 & 2006 Results
Based on only Companies Contributing in both 2005 & 2006
Acquisition—All Distribution Systems Combined
First Year/Single Premium Commission Percent**



**Graph 26—Comparison of 2005 & 2006 Results
Based on only Companies Contributing in both 2005 & 2006
Non-acquisition—All Distribution Systems Combined
Per Policy Inforce**



**Graph 27—Comparison of 2005 & 2006 Results
Based on only Companies Contributing in both 2005 & 2006
Acquisition—All Distribution Systems Combined
Renewal Commission Percent**



Comparison of Per Policy, Per Premium, and Per 1,000 Issued Indexes

Table 19

Life Insurance Products

Product	Per Policy Index	Per Premium Index (Includes Single Premium)	Per Premium Index (Includes First Year Premium Only)	Per 1,000 Issued Index
Term	\$ 445	79%	79.6%	\$1.55
Perm	\$ 1,152	20%	60.9%	\$10.22
Variable	\$ 1,163	23%	43.9%	\$4.82

Annuity Products

Product	Per Policy Index	Per Premium Index
Deferred	\$ 674	1.3%
Immediate	\$ 1,122	0.7%
Variable Deferred	\$ 899	1.1%

Note: See Section 3 for Index Formulas.

**Committee on Life Insurance Company Expenses
2006 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 (CLICE) was formed in part to address the need to fill this void.

CLICE is finalizing its work on the 2005 inter-company expenses study for individual life and annuity products which is expected to be posted on the SOA website in about a month.

The objective of the 2006 study is to continue this effort while expanding the level of contributions, to serve as a useful unit expense benchmark for various users, including pricing actuaries and their managements from which to assess their own unit expense performance. In addition, CLICE expects the results to be useful in enhancing 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.

Concurrently, CLICE has been working with the American Academy of Actuaries' Life Reserving Working Group on concepts underlying possible expense data gathering for principle based reserving. Although the efforts of the working group have not yet necessitated any revisions to the current data submission form, CLICE will continue to monitor this effort and alter the form, if needed. In this regard, because the data submitted for this study may eventually serve another purpose, CLICE is all the more appreciative of contributions to the study.

Confidentiality

All responses to this survey will be kept completely confidential. Society of Actuaries staff will process the responses—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 Variable Annuities. Accident and Health and all group business are to be excluded.

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 if you cannot provide all of the requested detail; in particular, if all of your expenses cannot be broken down by distribution system and line of business. However, when transmitting your contribution, please indicate to the Committee any information not provided in the detail requested.

This study asks for acquisition activity information by distribution channel and line of business and policy/contract maintenance activity information by line of business. 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 each 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.**

Change for 2006 study. A separate workbook (called Data Submission Form – UL) has been created for Universal Life business only. If feasible, please complete this workbook with the unit and expense

information applicable to Universal Life that is also included in the Permanent Life category on the workbook entitled Data Submission Form – All Categories. The primary workbook (Data Submission Form) should be completed as in previous years with all Permanent Life information included. The Data Submission Form – UL should only include information related to Universal Life.

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.

Please only input numerical values in the actual expense and unit tables; for explanatory notes, please use the comments sections.

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 Jeanne Nallon at jnallon@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 e-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 the 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 2006 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. Lines 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.
- Universal Life—Fixed premium universal life and flexible premium universal life.
- 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. Do not include variable 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. Investment returns vary directly with underlying fund.
- Variable Individual Immediate Annuities—Annuities for which the annuitant begins receiving periodic payments within one year. Investment returns vary directly with underlying fund.

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 who 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 2006. 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. Numbers of 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 volume of 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-ins 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-ins Included in A-4—Enter the amount of premium included in A-4 that exceeded the target premium and dump-ins (in renewal years) and for which a lower commission rate was paid.
 - 4b. Dividends used for 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 individual life 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 and Deferred Annuities), enter the amount of reserves underlying the policies/contracts for each category of business. For UL, VUL and Deferred 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. Claims/Contracts

1. Number of Claims—For Life Insurance, enter the number of death and disability claims. This item is not applicable to Annuities.
2. Number of Surrenders/Lapses—For Life Insurance, enter the number of surrenders/lapses during the year. For annuities, enter the number of both surrenders/lapses and deaths.
3. Number of Annuity Contracts on which a Periodic Payment was made—For annuities, enter the number of contracts on which a periodic payment was made during 2006. This is not applicable for Life Insurance.

Expense Type Descriptions

All expenses reported are for the calendar year 2006.

E. 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-ins Included in E-1—Enter the amount of commission included in E-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-ins Included in E-2—Enter the amount of commission included in E-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. Asset trailing expenses for annuities should also be included.

F. 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. Please note in comments where product development expenses are included.
6. Other Acquisition—All other expenses paid directly relating to the acquisition of new business. Do not include here any overhead expenses that are included in G.5 (Total Overhead). Please list separately and describe each significant type of expense included here. Please include direct response acquisition related expenses in a separate line.

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

1. Benefits Department(s) and Claim Settlement Expenses—For life, only expenses for death, disability, and ADB claims should be included, i.e. those expenses related to Exhibit 8 claims including internal and external staff, investigation, etc.

For annuities, expenses relating to the periodic payment of annuity benefits (including both immediate and supplementary contracts) should be included. Expenses related to surrenders and lapses should be included in G.3. Surrender and Lapse Expenses.

2. Policyowner Services—All expenses paid directly relating to the servicing of the underlying life or annuity policies/contracts.
 3. Surrender and Lapse Expenses—All expenses paid relating to surrenders and lapses. For annuities, also include expenses related to terminations due to death. If it is not possible to separate these expenses, please include them with G.2 (Policyowner Services) and indicate in the notes section of the worksheet if included in G.2.
 4. 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 judgements. Indicate the type of expense included. Only include such an expense here if it is greater than 2% of total expenses for the line of business.
 5. Total Overhead—Expenses that are not directly related to the acquisition or maintenance of policies/contracts.
 6. 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 enter the amount included in G5. (Total Overhead).
 7. Other Non-overhead—All other expenses paid. Please list and describe each such expense separately.
- H. Premium Tax and Guarantee Association Assessments—Premium taxes paid and guarantee association assessments paid (no distribution channel expense splits have been requested). If Premium Tax is 0, please note this in the comments section.
- I. Total Expenses—Should equal the sum of E through H. Note that this should not be entered.

2006 SOA Expense Study Worksheet
Expense Units

	Individual Term Life Insurance							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. Claims/Contracts								
1. Number of Claims	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
2. Number of Surrenders/Lapses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0

Comments / Notes:

**2006 SOA Expense Study Worksheet
Expenses**

Function	Individual Term Life Insurance							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
E. 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
F. 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
G. 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. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
4. Significant Non-recurring Expenses (specify)								0
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
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
7. Other non-overhead								0
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
H. Premium Tax & Guar Assoc Assessments	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
I. Total Expenses	0	0	0	0	0	0	0	0

Comments / Notes:

2006 SOA Expense Study Worksheet
Expense Units

	Individual Permanent Life Insurance							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. Claims/Contracts								
1. Number of Claims	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
2. Number of Surrenders/Lapses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0

Comments / Notes:

**2006 SOA Expense Study Worksheet
Expenses**

Function	Individual Permanent Life Insurance							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
E. 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
F. 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
G. 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. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
4. Significant Non-recurring Expenses (specify)								0
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
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
7. Other non-overhead								0
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
H. Premium Tax & Guar Assoc Assessments								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
I. Total Expenses								
	0	0	0	0	0	0	0	0

Comments / Notes:

**2006 SOA Expense Study Worksheet
Expense Units**

	Individual COLI Life Insurance							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. Claims/Contracts								
1. Number of Claims	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
2. Number of Surrenders/Lapses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0

Comments / Notes:

2006 SOA Expense Study Worksheet
Expenses

Function	Individual COLI Life Insurance							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
E. 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
F. 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
G. 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. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
4. Significant Non-recurring Expenses (specify)								0
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
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
7. Other non-overhead								0
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
H. Premium Tax & Guar Assoc Assessments	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
I. Total Expenses	0	0	0	0	0	0	0	0

Comments / Notes:

**2006 SOA Expense Study Worksheet
Expense Units**

	Individual BOLI Life Insurance							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. Claims/Contracts								
1. Number of Claims	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
2. Number of Surrenders/Lapses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0

Comments / Notes:

2006 SOA Expense Study Worksheet
Expenses

Function	Individual BOLI Life Insurance							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
E. 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
F. 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
G. 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. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
4. Significant Non-recurring Expenses (specify)								0
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
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
7. Other non-overhead								0
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
H. Premium Tax & Guar Assoc Assessments								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
I. Total Expenses								
	0	0	0	0	0	0	0	0

Comments / Notes:

2006 SOA Expense Study Worksheet
Expense Units

	Individual Variable Life Insurance							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. Claims/Contracts								
1. Number of Claims	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
2. Number of Surrenders/Lapses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0

Comments / Notes:

**2006 SOA Expense Study Worksheet
Expenses**

Function	Individual Variable Life Insurance							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
E. 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
F. 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
G. 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. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
4. Significant Non-recurring Expenses (specify)								0
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
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
7. Other non-overhead								0
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
H. Premium Tax & Guar Assoc Assessments								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
I. Total Expenses								
	0	0	0	0	0	0	0	0

Comments / Notes:

**2006 SOA Expense Study Worksheet
Expense Units**

	Individual Deferred Annuity							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
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. Claims/Contracts								
1. Number of Surrenders/Lapses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
2. Number of Annuity Contracts on which a Periodic Payment was made	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0

Comments / Notes:

**2006 SOA Expense Study Worksheet
Expenses**

Function	Individual Deferred Annuity							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
E. Commissions Paid								
1. First Year Commissions								0
2. Single Commissions								0
3. Renewal Commissions								0
F. 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
G. 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. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
4. 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
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
7. 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
H. Premium Tax & Guar Assoc Assessments								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
I. Total Expenses	0	0	0	0	0	0	0	0

Comments / Notes:

**2006 SOA Expense Study Worksheet
Expense Units**

	Individual Immediate Annuity							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
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. Claims/Contracts								
1. Number of Surrenders/Lapses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
2. Number of Annuity Contracts on which a Periodic Payment was made	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0

Comments / Notes:

**2006 SOA Expense Study Worksheet
Expenses**

Function	Individual Immediate Annuity							Unallocated	Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other			
E. Commissions Paid									
1. First Year Commissions									0
2. Single Commissions									0
3. Renewal Commissions									0
F. Acquisition / Developmental Expenses Paid									
1. Sales / Marketing									0
2. UW - IR and ME - Not applicable	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
3. UW - Other - Not applicable	XXXX	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
G. 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. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
4. Significant Non-recurring Expenses (specify)									
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
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
7. Other non-overhead									
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
H. Premium Tax & Guar Assoc Assessments									
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
I. Total Expenses									
	0	0	0	0	0	0	0		0

Comments / Notes:

**2006 SOA Expense Study Worksheet
Expense Units**

	Individual Variable Deferred Annuity							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
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. Claims/Contracts								
1. Number of Surrenders/Lapses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
2. Number of Annuity Contracts on which a Periodic Payment was made	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0

Comments / Notes:

**2006 SOA Expense Study Worksheet
Expenses**

Function	Individual Variable Deferred Annuity							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
E. Commissions Paid								
1. First Year Commissions								0
2. Single Commissions								0
3. Renewal Commissions								0
F. 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
G. 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. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
4. 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
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
7. 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
H. Premium Tax & Guar Assoc Assessments								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
I. Total Expenses	0	0	0	0	0	0	0	0

Comments / Notes:

**2006 SOA Expense Study Worksheet
Expense Units**

	Individual Variable Immediate Annuity							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
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. Claims/Contracts								
1. Number of Surrenders/Lapses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
2. Number of Annuity Contracts on which a Periodic Payment was made	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0

Comments / Notes:

**2006 SOA Expense Study Worksheet
Expenses**

Function	Individual Variable Immediate Annuity							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
E. Commissions Paid								
1. First Year Commissions								0
2. Single Commissions								0
3. Renewal Commissions								0
F. 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
G. 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. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
4. 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
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
7. 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
H. Premium Tax & Guar Assoc Assessments								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
I. Total Expenses								
	0	0	0	0	0	0	0	0

Comments / Notes:
