

2009 Individual Life and Annuity Expense Study

Summary Report

Executive Summary

Section 1: Description of Data Received from Contributors

Section 2: Data Issues

Section 3: Description of Unit Cost Formulas

Section 4: List of Contributing Companies

Section 5: Explanatory Notes for the Results Tables and Graphs

Section 6: Results Tables and Graphs

Appendix 1—2009 Sample Data Form

Appendix 2—2009 Instructions

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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 ninth expense study—the 2009 SOA Individual Life and Annuity Expense Study.

The Committee distributed a call to life insurance companies in spring 2010 for contributions of 2009 calendar year expense data. Contributions of individual life and annuity expense data were received from 16 life insurance companies for their U.S. business.

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 2008 and 2009 Per Policy Index Unit Costs For Companies Contributing to both 2008 and 2009 Studies

Products		Year	No. of Companies	First Year*			Inforce#		
				25% Percentile	Weighted Average**	75% Percentile	25% Percentile	Weighted Average	75% Percentile
Life	Term	2008	11	\$571	\$794	\$992	\$54	\$74	\$84
		2009	11	624	701	831	58	70	80
	Permanent	2008	12	757	1,274	2,349	37	51	87
		2009	12	559	898	1,972	44	49	95
	Variable	2008	5	933	1,725	1,884	123	152	208
		2009	5	1,670	2,513	4,709	119	156	221
Annuities	Fixed	2008	14	\$449	\$768	\$1,067	\$70	\$94	\$139
	Deferred	2009	14	506	930	1,358	76	107	146
	Fixed	2008	10	916	1,244	1,769	60	75	127
	Immediate	2009	10	541	1,182	1,402	66	91	139
	Variable	2008	5	652	808	865	157	157	220
	Deferred	2009	5	476	3,071	2,607	157	168	231

*Excludes commissions and premium taxes

#Excludes commissions, premium taxes, termination expenses and annuity 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 75th percentile.

Note: For further comparative results, see Tables 7 and 15.

For certain products, 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.

In reviewing the aggregate results, it was noted that overhead represented a significant portion of non-acquisition expenses.

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 benchmarks and trends that may be used in evaluating their own expense levels and trends.

The committee has received contributions to the 2010 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 2.7% of total expenses for life insurance and 0.9% 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, Corporate Owned Life Insurance (COLI) and Bank Owned Life Insurance (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, Personal Producing General Agents (PPGA), Multi-Line, Direct Response, Other and Unallocated (those expense and units that were not split by channel). Contributors were also asked to provide Universal Life (UL) data detail separately. A separate analysis of this UL data is also included in this report. UL data has been provided in Table 2UL, as this product has been included in the Permanent product category.
- 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 16 companies (listed in Section 4) that contributed data to the 2009 study had \$3.4 B of life insurance expenses, \$13.0 B of life insurance premium, \$1.4 B of annuity expenses and \$13.6 B of annuity premium. As compared to total industry in the United States, these amounts constitute approximately 11.1% of individual life insurance premium and 6.6% 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. Data shown in this report for these products includes dump-in premium and commissions in the applicable category.

For the 2009 study, 12 of the 16 companies that contributed data for the Permanent Life category were able to provide data for their Universal Life policies, which are a subset of the Permanent Life category. The unit expenses are shown in Table 2UL.

For this study, these dump-ins 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 product categories.

	Product	
	Individual Permanent Life	Individual Variable Life
Dump-ins	\$ 374.0 M	\$ 16.5 M
Dump-in Commissions	\$ 20.8 M (5.6% of dump-ins)	\$ 0.2 M (1.2%)
First Year Premiums*	\$ 1.1 B	\$ 37.8 M
First Year Commissions*	\$ 504.0 M (45.8% of 1 st year premiums)	\$ 19.6 M (51.9%)

*Includes Dump-ins

Section 2: Data Issues

As part of the data cleansing process, a series of data checks was 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 explanation 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 from 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. However, for some products, an insufficient number of contributors provided this information to meaningfully calculate all statistics (median, 75th percentile, 25th percentile).

- 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, 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. 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 higher than others for these companies. This raises the overall company averages for the Fixed Deferred and Variable Deferred Annuity products.

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 and 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 or 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 Insurance	MassMutual Life Insurance Company
American Family Life Insurance	Midland National Life Insurance
Columbus Life Insurance	North American Company of Life and Health
EquiTrust Life Insurance	State Farm Life Insurance
Foresters	Thrivent Financial for Lutherans
Horace Mann Life Insurances	Western-Southern Life Assurance
Lafayette Life Insurance Company	Western and Southern Life Insurance
Liberty Life Assurance Company of Boston	Woodmen of the World

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 2008 and 2009 Results

The graphs comparing 2008 and 2009 results are based only on companies that appeared in both the 2008 and 2009 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 7 and 15.

Although the 2008 and 2009 comparison results are based only on companies that contributed data for both years, significant variation in unit costs between 2008 and 2009 were observed for several individual contributors. This is the primary underlying cause for the substantial changes in some aggregate unit costs from 2008 to 2009 that are shown in Tables 7 and 15.

To highlight the variability that was observed, Tables 7 and 15 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 2008 and 2009 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 2008 to 2009 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 7 to give an indication of the range of the results.

Limitations of Study

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, the special circumstances of a company in a given year, and the limited number of contributors, the results should be viewed with caution.

Section 6: Results Tables and Graphs

List of Tables and Graphs

Life Insurance Products

Tables 1–3—Individual Life Products by Distribution Channel

Table 1—Term Life

Table 2—Permanent Life

Table 2UL – Permanent Life Insurance-Universal Life

Table 3—Variable Life

Table 4—Summary of Weighted Averages for All Individual Life Products

Tables 5–6—Individual Life Products Categorized by Size

Table 5—Term Life

Table 6—Permanent Life

Table 7—2008–2009 Life Trend Data

Table 8—Aggregate Life Expenses and Units

Graphs 1–10—Life Products Unit Costs Comparison by Company Size and Product

Graph 1—Per Policy Index—Size Graph

Graph 2—First Year Commission Percent—Size Graph

Graph 3—Single Premium Commission Percent—Size Graph

Graph 4—Per Policy Inforce—Size Graph

Graph 5—Renewal Commission Percent—Size Graph

Graph 6—Per Policy Index—Product Graph

Graph 7—First Year Commission Percent—Product Graph

Graph 8—Single Premium Commission Percent—Product Graph

Graph 9—Per Policy Inforce—Product Graph

Graph 10—Renewal Commission Percent—Product Graph

Graphs 11–15—Life Products—Comparison of 2008 and 2009 Unit Costs for
Companies Contributing in Both 2008 and 2009

Graph 11—Per Policy Index

Graph 12—First Year Commission Percent

Graph 13—Single Premium Commission Percent

Graph 14—Per Policy Inforce

Graph 15—Renewal Commission Percent

Section 6: Results Tables and Graphs

Annuity Products

Tables 9–11—Individual Annuity Products by Distribution Channel

Table 9—Fixed Deferred

Table 10—Fixed Immediate

Table 11—Variable Deferred

Table 12—Summary of Weighted Averages for All Individual Life Products

Tables 13–14—Individual Annuity Products Categorized by Size

Table 13—Fixed Deferred

Table 14—Fixed Immediate

Table 15—2008–2009 Annuity Trend Data

Table 16—Aggregate Annuity Expenses and Units

Graphs 16–23 - Annuity Products Unit Costs Comparison by Company Size and Product

Graph 16 —Per Policy Index—Size Graph

Graph 17— First Year/Single Premium Commission Percent—Size Graph

Graph 18—Per Policy Inforce—Size Graph

Graph 19—Renewal Commission Percent—Size Graph

Graph 20—Per Policy Index—Product Graph

Graph 21—First Year/Single Premium Commission Percent—Product Graph

Graph 22—Per Policy Inforce—Product Graph

Graph 23—Renewal Commission Percent—Product Graph

Graphs 24–27—Annuity Products—Comparison of 2008 and 2009 Unit Costs for Companies Contributing in Both 2008 and 2009

Graph 24— Per Policy Index

Graph 25—First Year/Single Premium Commission Percent

Graph 26—Per Policy Inforce

Graph 27—Renewal Commission Percent

Life and Annuity Products

Table 17—Per Policy Index Comparison Table

2009 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 1

Term Life Insurance

CAREER

Number of Companies = 5

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$243	\$0.43	64.1%	\$927	46.1%	N/A	1.9%
Unweighted Average	\$258	\$0.58	71.9%	\$964	37.7%	N/A	2.5%
Median	\$216	\$0.61	85.8%	\$719	31.9%	N/A	2.0%

TOTAL

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	\$150	\$0.64	39.6%	\$551	57.4%	N/A	2.9%
Unweighted Average	\$261	\$0.67	45.8%	\$835	68.2%	N/A	2.8%
Median	\$200	\$0.67	40.0%	\$719	67.5%	N/A	3.1%
25th Percentile	\$151	\$0.56	25.9%	\$600	38.1%	N/A	1.5%
75th Percentile	\$279	\$0.77	49.5%	\$876	84.8%	N/A	3.7%

TOTAL

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	\$66	1.8%	\$374	\$258	\$237
Unweighted Average	\$82	1.7%	\$353	\$390	\$262
Median	\$71	2.0%	\$277	\$317	\$239
25th Percentile	\$58	1.3%	\$191	\$231	\$175
75th Percentile	\$84	2.7%	\$456	\$488	\$324

Note: Please see accompanying text for complete descriptions of the tables, calculations, and limitations.

2009 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 2

Permanent Life Insurance

CAREER

Number of Companies =5

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$211	\$0.61	83.8%	\$2,209	53.0%	4.2%	2.1%
Unweighted Average	\$214	\$1.02	73.9%	\$2,033	51.7%	3.1%	2.0%
Median	\$167	\$0.82	61.5%	\$989	53.2%	2.7%	2.1%

TOTAL

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	\$153	\$1.20	48.0%	\$974	67.2%	6.1%	3.2%
Unweighted Average	\$295	\$1.35	49.3%	\$1,651	93.5%	4.8%	3.5%
Median	\$152	\$1.32	30.0%	\$692	90.8%	5.0%	2.9%
25th Percentile	\$99	\$0.80	22.9%	\$491	56.4%	2.6%	2.2%
75th Percentile	\$300	\$2.15	63.5%	\$2,064	127.4%	6.9%	4.7%

TOTAL

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	\$65	1.4%	\$211	\$96	\$61
Unweighted Average	\$78	1.6%	\$223	\$132	\$75
Median	\$71	1.8%	\$179	\$83	\$59
25th Percentile	\$44	1.4%	\$107	\$55	\$41
75th Percentile	\$95	2.2%	\$262	\$211	\$101

Note: Please see accompanying text for complete descriptions of the tables, calculations, and limitations.

2009 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 2UL

Permanent Life Insurance - Universal Life

CAREER

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	\$308	\$0.88	104.1%	\$3,616	52.1%	N/A	2.0%
Unweighted Average	\$304	\$1.18	107.4%	\$3,961	56.6%	N/A	2.4%
Median	\$296	\$1.28	89.9%	\$2,794	57.0%	N/A	2.0%

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	\$166	\$1.50	39.4%	\$995	61.8%	4.6%	3.0%
Unweighted Average	\$358	\$1.36	60.3%	\$2,420	98.5%	3.4%	2.8%
Median	\$192	\$1.35	52.8%	\$1,039	76.6%	1.5%	2.5%
25th Percentile	\$131	\$0.40	27.3%	\$651	60.5%	0.0%	1.9%
75th Percentile	\$425	\$1.96	63.9%	\$2,645	153.3%	5.3%	3.5%

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	\$61	1.3%	\$191	\$101	\$97
Unweighted Average	\$90	1.2%	\$237	\$166	\$121
Median	\$74	1.7%	\$184	\$105	\$84
25th Percentile	\$58	0.0%	\$110	\$76	\$64
75th Percentile	\$87	1.8%	\$339	\$209	\$122

NOTE: Please see accompanying text for complete descriptions of the tables, calculations, and limitations.

2009 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 3

Variable Life Insurance

CAREER

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	\$474	\$1.34	72.7%	\$2,469	85.6%	0.7%	2.8%
Unweighted Average	\$661	\$1.60	91.4%	\$3,840	70.5%	0.8%	3.0%
Median	\$616	\$1.54	97.8%	\$3,289	54.5%	0.0%	2.9%

TOTAL

Number of Companies = 6

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$539	\$1.73	67.7%	\$2,852	91.6%	1.3%	2.7%
Unweighted Average	\$708	\$1.88	72.2%	\$4,085	65.1%	1.2%	2.7%
Median	\$665	\$1.75	63.7%	\$4,614	54.5%	0.0%	2.6%
25th Percentile	\$566	\$1.32	25.6%	\$1,965	48.4%	0.0%	2.5%
75th Percentile	\$859	\$2.48	112.4%	\$4,995	96.4%	1.4%	3.1%

TOTAL

Number of Companies = 6

	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	\$161	1.7%	\$272	\$245	\$254
Unweighted Average	\$170	2.0%	\$524	\$276	\$219
Median	\$167	2.1%	\$336	\$248	\$217
25th Percentile	\$130	1.7%	\$212	\$229	\$167
75th Percentile	\$208	2.5%	\$395	\$366	\$278

Note: Please see accompanying text for complete descriptions of the tables, calculations, and limitations.

**2009 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	5	\$243	\$0.43	64.1%	\$927	46.1%	N/A	1.9%
Permanent Life	5	\$211	\$0.61	83.8%	\$2,209	53.0%	4.2%	2.1%
Variable Life	4	\$474	\$1.34	72.7%	\$2,469	85.6%	0.7%	2.8%
TOTAL	6	\$233	\$0.50	78.2%	\$1,563	52.1%	4.0%	2.1%

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	13	\$150	\$0.64	39.6%	\$551	57.4%	N/A	2.9%
Permanent Life	15	\$153	\$1.20	48.0%	\$974	67.2%	6.1%	3.2%
Variable Life	6	\$539	\$1.73	67.7%	\$2,852	91.6%	1.3%	2.7%
TOTAL	16	\$154	\$0.79	45.9%	\$767	64.4%	6.0%	3.1%

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	13	\$66	1.8%	\$374	\$258	\$237
Permanent Life	15	\$65	1.4%	\$211	\$96	\$61
Variable Life	6	\$161	1.7%	\$272	\$245	\$254
TOTAL	16	\$67	1.5%	\$229	\$181	\$115

Note: Please see accompanying text for complete descriptions of the tables, calculations, and limitations.

2009 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 5

Term Life Insurance

MEDIUM SIZED COMPANIES

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	\$199	\$0.87	36.8%	\$664	95.8%	N/A	2.1%
Unweighted Average	\$277	\$0.76	38.6%	\$808	79.1%	N/A	2.6%
Median	\$218	\$0.75	35.2%	\$726	79.6%	N/A	3.1%
25th Percentile	\$141	\$0.61	21.5%	\$635	48.1%	N/A	1.3%
75th Percentile	\$280	\$0.81	46.0%	\$809	98.3%	N/A	3.7%

MEDIUM SIZED COMPANIES

Number of Companies = 8

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	\$70	2.1%	\$249	\$251	\$235
Unweighted Average	\$67	1.8%	\$387	\$401	\$254
Median	\$72	2.3%	\$290	\$342	\$259
25th Percentile	\$58	1.2%	\$222	\$226	\$172
75th Percentile	\$78	2.7%	\$456	\$494	\$320

LARGE SIZED COMPANIES

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	\$137	\$0.58	40.5%	\$520	44.6%	N/A	3.1%
Unweighted Average	\$253	\$0.50	61.7%	\$966	44.0%	N/A	2.4%
Median	\$208	\$0.51	62.1%	\$861	39.4%	N/A	1.9%

LARGE SIZED COMPANIES

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	\$64	1.6%	\$421	\$261	\$239
Unweighted Average	\$99	1.3%	\$285	\$407	\$305
Median	\$64	1.5%	\$239	\$372	\$266

Note: Please see accompanying text for complete descriptions of the tables, calculations, and limitations.

2009 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 6

Permanent Life Insurance

MEDIUM SIZED COMPANIES

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	\$149	\$1.37	43.0%	\$794	113.6%	5.9%	3.8%
Unweighted Average	\$358	\$1.53	51.0%	\$1,618	111.6%	4.1%	3.6%
Median	\$153	\$1.43	42.2%	\$644	106.1%	5.0%	3.0%
25th Percentile	\$89	\$1.17	22.1%	\$526	82.5%	3.0%	2.1%
75th Percentile	\$430	\$2.18	64.5%	\$2,156	146.1%	6.3%	4.5%

MEDIUM SIZED COMPANIES

Number of Companies =10

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	\$54	1.7%	\$112	\$73	\$44
Unweighted Average	\$66	1.6%	\$170	\$122	\$72
Median	\$66	1.9%	\$162	\$75	\$63
25th Percentile	\$46	1.6%	\$105	\$54	\$36
75th Percentile	\$81	2.3%	\$238	\$205	\$91

LARGE SIZED COMPANIES

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	\$156	\$1.15	50.1%	\$1,066	51.2%	6.2%	3.0%
Unweighted Average	\$191	\$1.02	50.1%	\$2,055	47.7%	4.2%	2.6%
Median	\$169	\$0.74	37.2%	\$1,028	41.5%	2.6%	2.7%

LARGE SIZED COMPANIES

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	\$70	1.2%	\$309	\$107	\$69
Unweighted Average	\$97	1.2%	\$377	\$174	\$91
Median	\$71	1.4%	\$419	\$146	\$84

Note: Please see accompanying text for complete descriptions of the tables, calculations, and limitations.

2009 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 7

**Life Products - Comparison of 2008 and 2009 Unit Costs
for Companies Contributing in both 2008 and 2009**

Term Life Insurance

Number of Contributing Companies = 11

	Acquisition		Commission Percent						Non-acquisition	
	Per Policy Index		First Year		Single Premium		Renewal		Per Policy Inforce	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Weighted Average	\$794	\$701	81.3%	79.9%	NA	NA	1.9%	1.9%	\$74	\$70
25th Percentile	\$571	\$624	55.7%	42.7%	NA	NA	1.8%	1.4%	\$54	\$58
75th Percentile	\$992	\$831	95.5%	88.9%	NA	NA	4.4%	3.7%	\$84	\$80
25th Percentile Difference		-11%		-14%		NA		-31%		0%
75th Percentile Difference		18%		1%		NA		-1%		12%

Permanent Life Insurance

Number of Contributing Companies = 12

	Acquisition		Commission Percent						Non-acquisition	
	Per Policy Index		First Year		Single Premium		Renewal		Per Policy Inforce	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Weighted Average	\$1,274	\$898	108.8%	95.3%	6.9%	6.5%	3.3%	2.7%	\$51	\$49
25th Percentile	\$757	\$559	85.5%	75.8%	2.5%	3.5%	2.4%	1.9%	\$37	\$44
75th Percentile	\$2,349	\$1,972	116.9%	121.6%	5.6%	6.9%	5.5%	5.1%	\$87	\$95
25th Percentile Difference		-27%		-22%		0%		-7%		-5%
75th Percentile Difference		3%		-1%		25%		-1%		15%

Variable Life Insurance

Number of Contributing Companies = 5

	Acquisition		Commission Percent						Non-acquisition	
	Per Policy Index		First Year		Single Premium		Renewal		Per Policy Inforce	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Weighted Average	\$1,725	\$2,513	85.2%	96.1%	1.9%	1.5%	4.2%	2.9%	\$152	\$156
25th Percentile	\$933	\$1,670	65.9%	48.0%	0.0%	0.0%	3.1%	2.6%	\$123	\$119
75th Percentile	\$1,884	\$4,709	76.9%	108.7%	2.9%	2.2%	4.3%	3.2%	\$208	\$221
25th Percentile Difference		-16%		-32%		-29%		-52%		-21%
75th Percentile Difference		106%		-4%		-16%		-7%		-4%

Note: Please see accompanying text for complete descriptions of the tables, calculations, and limitations.

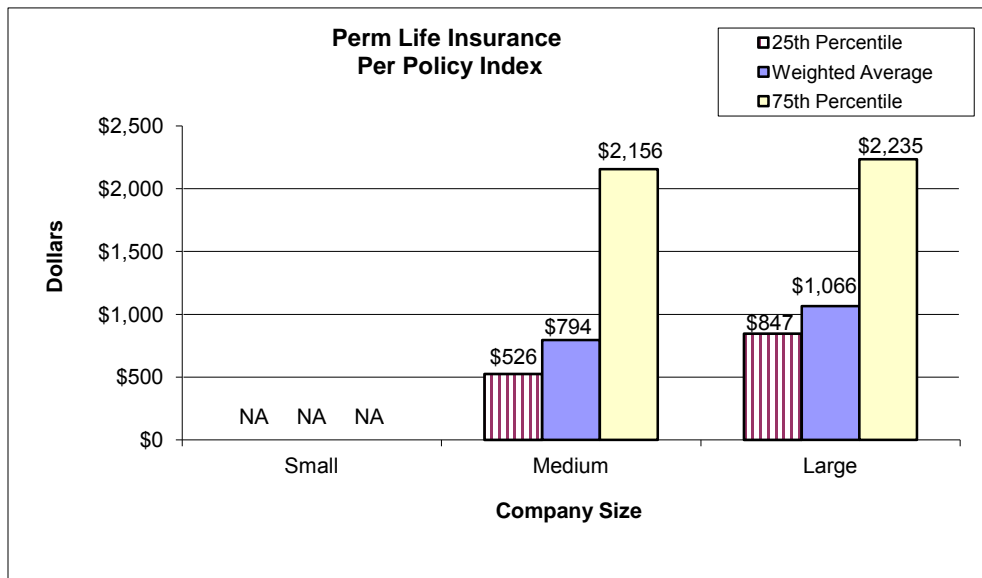
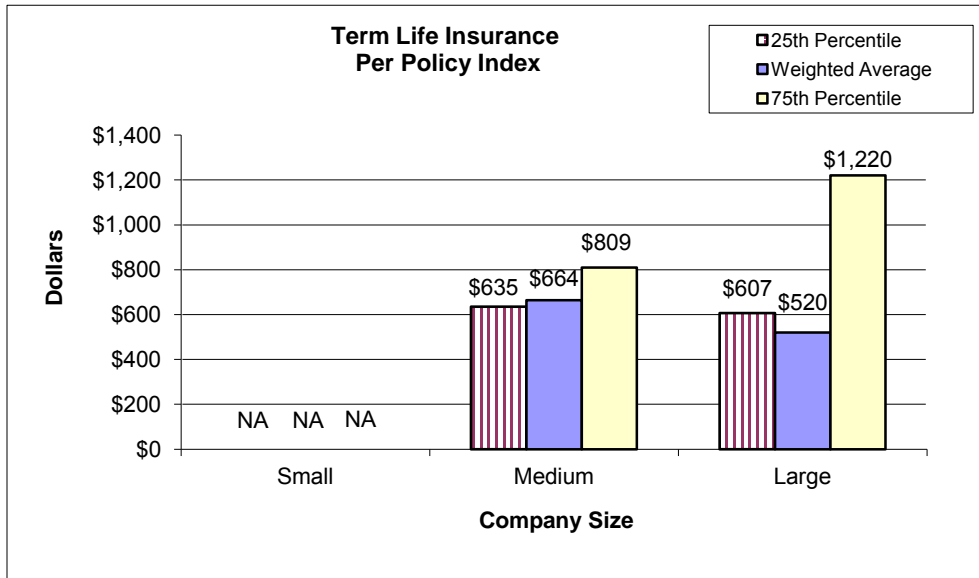
2009 SOA Expense Study
Table 8 - Total Expense Units - All Companies

	Life Products							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
A. New Business - Direct								
1. Policies / Contracts Issued	312,027	87,744	39,081	654,334	0	85,674	5,840	1,184,700
2. Volume Issued (Round to 1000s)	91,727,259	17,644,379	11,877,412	87,653,460	0	3,945,785	2,061,000	214,909,296
3. First Year Premium Collected	608,175,322	244,391,219	153,479,625	420,903,650	0	31,200,124	39,298,000	1,497,447,940
a. UL and VUL Dump-in Included in A-3	164,118,549	111,943,799	85,593,406	28,320,064	0	93,454	477,000	390,546,273
4. Single Premium Collected	598,376,314	100,204,860	856,794	258,278,010	0	439,730,541	16,957,000	1,414,403,519
a. UL and VUL Dump-in Included in A-4	0	0	0	0	0	0	0	0
b. Paid-Up Additions Included in A-4	476,163,438	22,049,349	17,979	235,296,688	0	28,191,315	0	761,718,768
B. Inforce - Direct - Current Year								
1. Policies / Contracts	7,174,184	929,532	851,250	7,277,588	0	1,785,744	84,150	18,102,448
2. Volume (Round to 1000s)	1,024,162,161	210,420,728	131,095,677	699,000,377	0	36,661,752	12,347,000	2,113,687,694
3. Renewal Premium Collected	5,208,110,138	799,988,088	635,185,093	3,037,360,104	0	297,444,820	164,795,000	10,142,883,243
4. Reserves or Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	102,986,585,194	102,986,585,194
C. Inforce - Direct - Previous Year								
1. Policies / Contracts	7,267,264	919,822	868,416	7,206,216	-	1,832,665	83,428	18,177,811
2. Volume (Round to 1000s)	998,961,580	213,700,353	129,297,592	674,665,502	-	36,497,403	11,455,000	2,064,577,431
3. Renewal Premium Collected	5,192,539,058	776,881,254	628,960,060	2,947,294,561	-	303,329,615	154,585,000	10,003,589,548
4. Reserves or Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	102,702,834,758	102,702,834,758
D. Claims/Contracts								
1. Number of Claims	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	133,428	133,428
2. Number of Surrenders/Lapses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	862,199	862,199

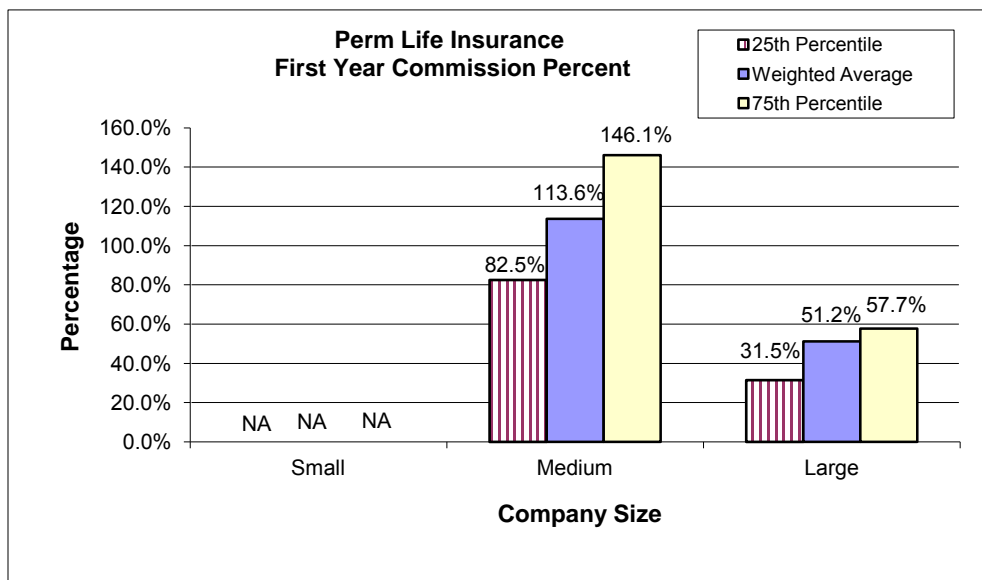
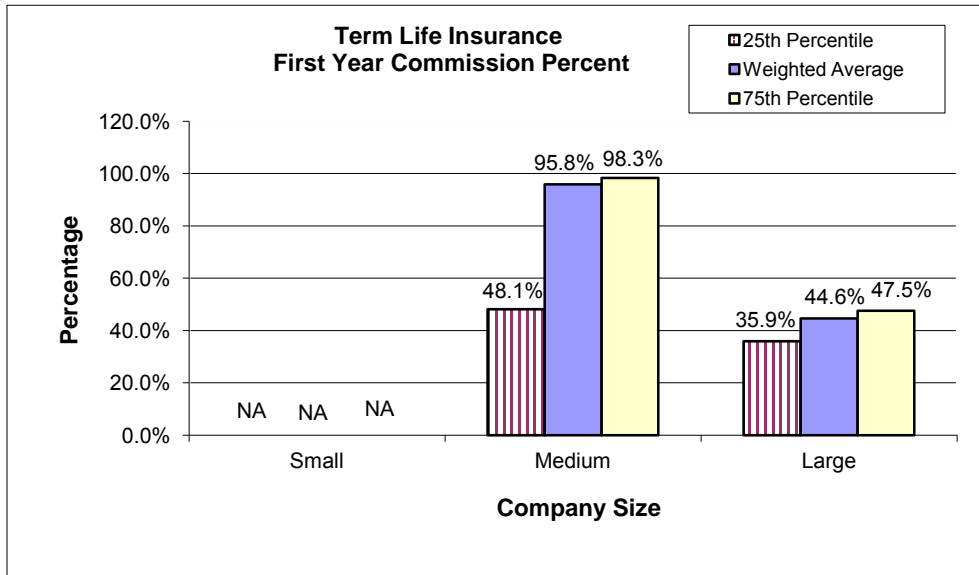
2009 SOA Expense Study
Table 8 - Total Expenses - All Companies

Function	Life Products							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
E. Commissions Paid								
1. First Year Commissions	239,240,500	167,045,339	88,451,884	156,414,112	0	51,896,659	30,954,000	734,002,493
a. UL and VUL Dump-in Included in F-1	7,671,526	8,017,496	5,251,085	0	0	0	24,000	20,964,106
2. Single Commissions	3,834,895	9,442,037	0	731,473	0	27,067,779	678,000	41,754,184
a. UL and VUL Dump-in Included in F-2	0	0	0	0	0	0	0	0
3. Renewal Commissions	107,856,735	20,395,348	18,715,223	138,235,698	0	16,748,631	12,422,000	314,373,634
F. Other Acquisition Expenses Paid								
1. Sales / Marketing	359,944,021	20,543,253	14,826,086	53,442,750	0	37,551,686	7,374,000	493,681,796
2. Underwriting - Inspection Reports and Medical Exams	35,868,947	8,214,927	8,152,777	52,185,384	0	2,702,080	1,171,000	108,295,115
3. Underwriting - All Other	39,785,404	5,951,252	2,277,968	24,284,224	0	1,417,353	1,990,000	75,706,201
4. Policy / Contract Issue	23,407,215	6,924,835	3,378,454	7,738,493	0	3,988,866	117,000	45,554,863
5. Product Development	17,927,626	2,284,844	2,722,458	3,768,530	0	1,107,296	468,000	28,278,753
6. Other Acquisition - Please list								
a.	10,875,850	21,108,791	796,013	51,430,083	0	0	234,000	84,444,736
b.	0	400,474	193,677	56,190,773	0	0	351,000	57,135,924
c.	0	2,362,975	3,047,732	0	0	0	0	5,410,707
d.	0	5,110,652	4,720,377	0	0	0	0	9,831,028
G. Other Expenses Paid								
1. Benefit Department(s) / Claim Settlement Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	30,614,207	30,614,207
2. Policyowner Services	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	227,859,092	227,859,092
3. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	12,956,388	12,956,388
4. Significant Non-recurring Expenses (specify)								
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	95,237,671	95,237,671
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	691,902,341	691,902,341
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	47,371,959	47,371,959
7. Other non-overhead								
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	185,586,500	185,586,500
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
H. Premium Tax & Guar Assoc Assessments								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	192,603,224	192,603,224
I. Total Expenses								
	838,741,192	269,784,726	147,282,649	544,421,519	0	142,480,350	1,492,518,425	3,435,228,861

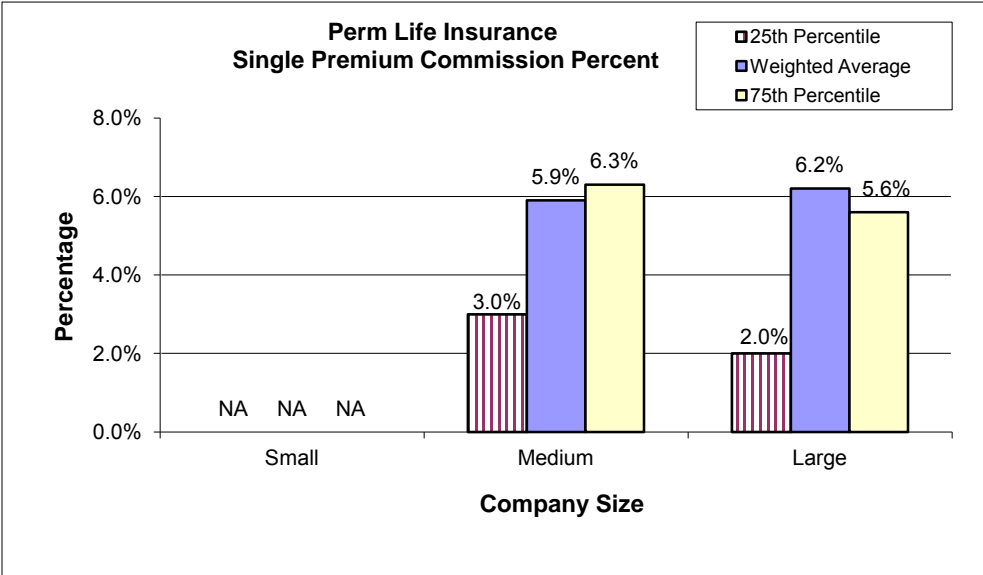
2009 Life Products
Graph 1—Acquisition Expense—All Distribution Systems Combined
Per Policy Index



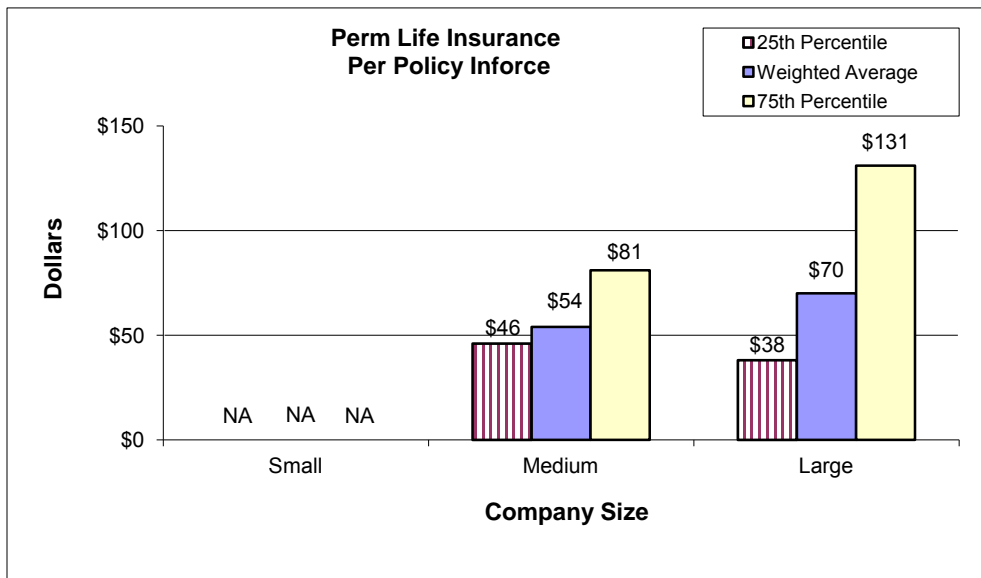
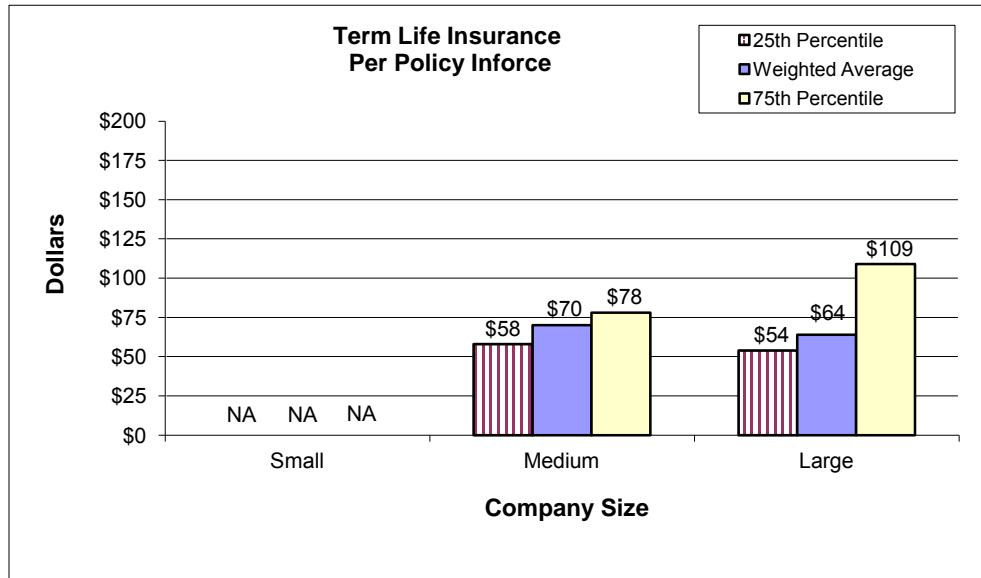
**2009 Life Products
Graph 2—Acquisition Expense—All Distribution Systems Combined
First Year Commission Percent**



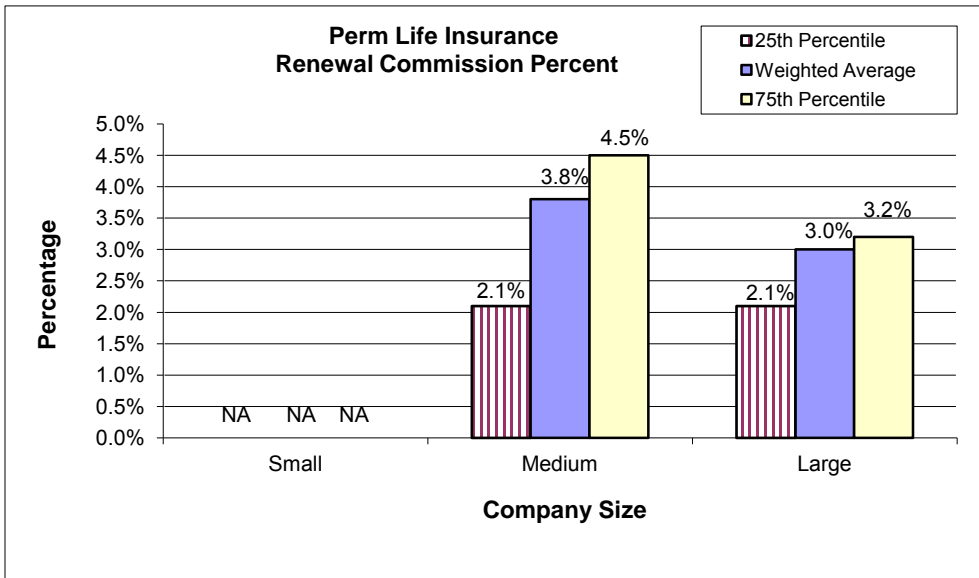
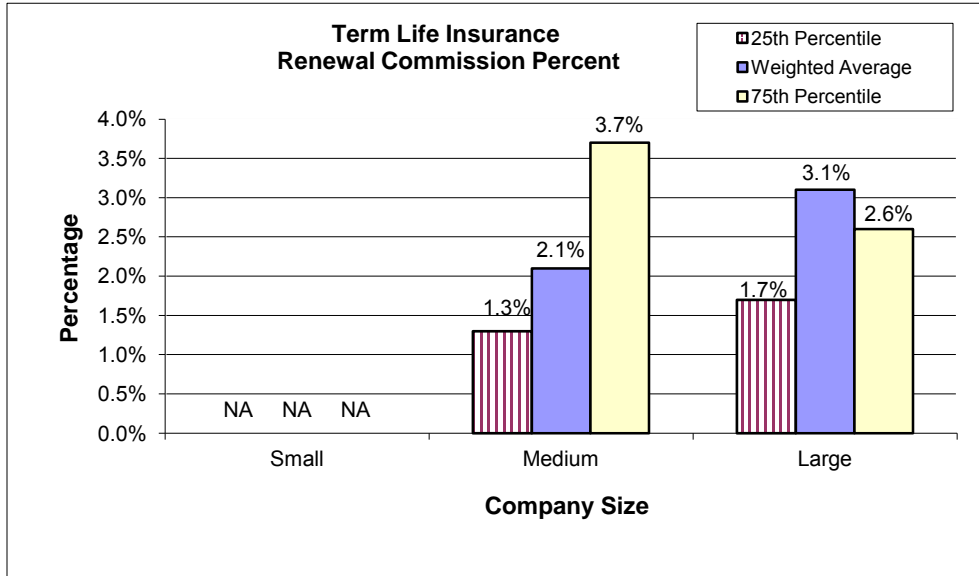
2009 Life Products
Graph 3—Acquisition Expense—All Distribution Systems Combined
Single Premium Commission Percent



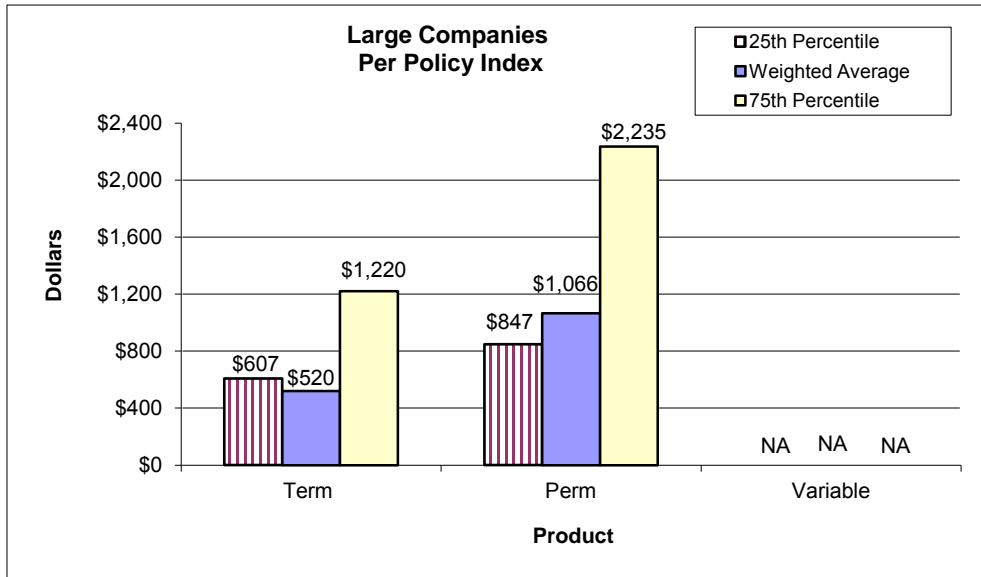
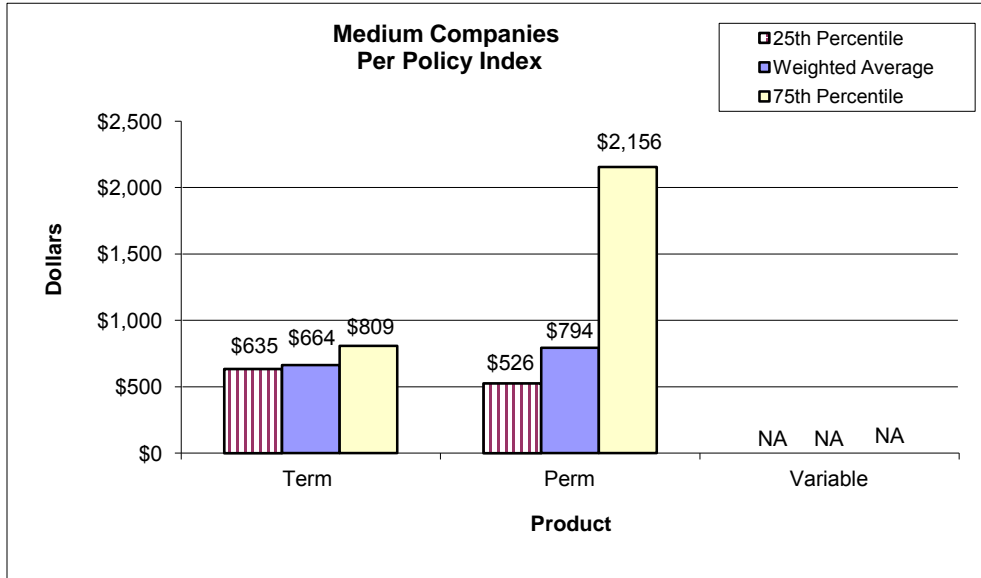
2009 Life Products
Graph 4—Non-acquisition Expense—All Distribution Systems Combined
Per Policy Inforce



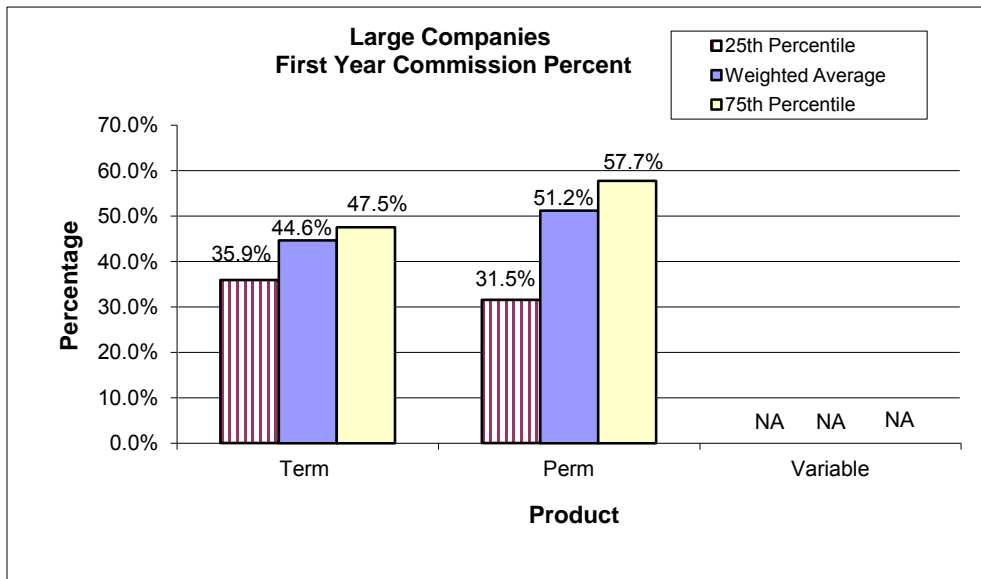
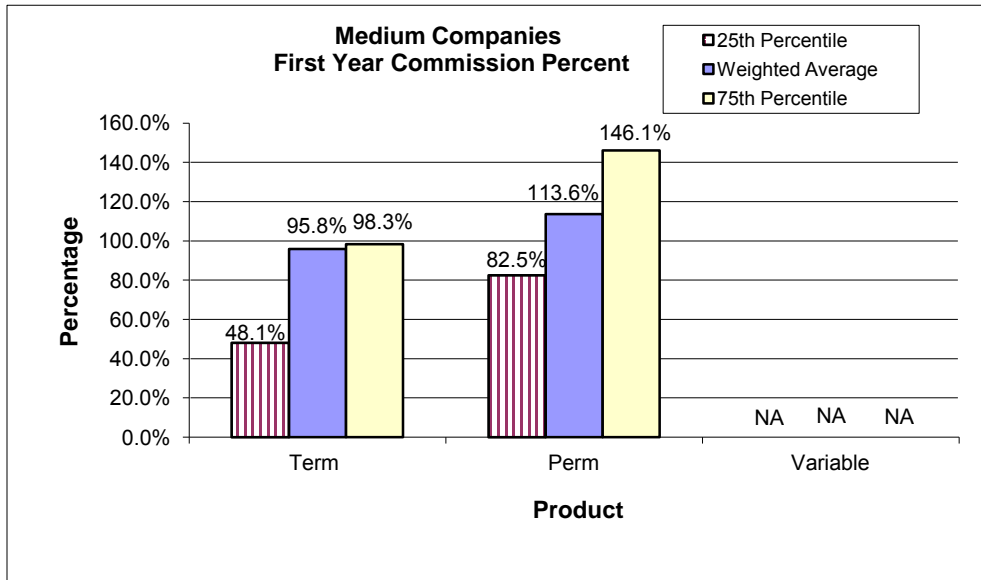
**2009 Life Products
Graph 5—Acquisition Expense—All Distributions Systems Combined
Renewal Commission Percent**



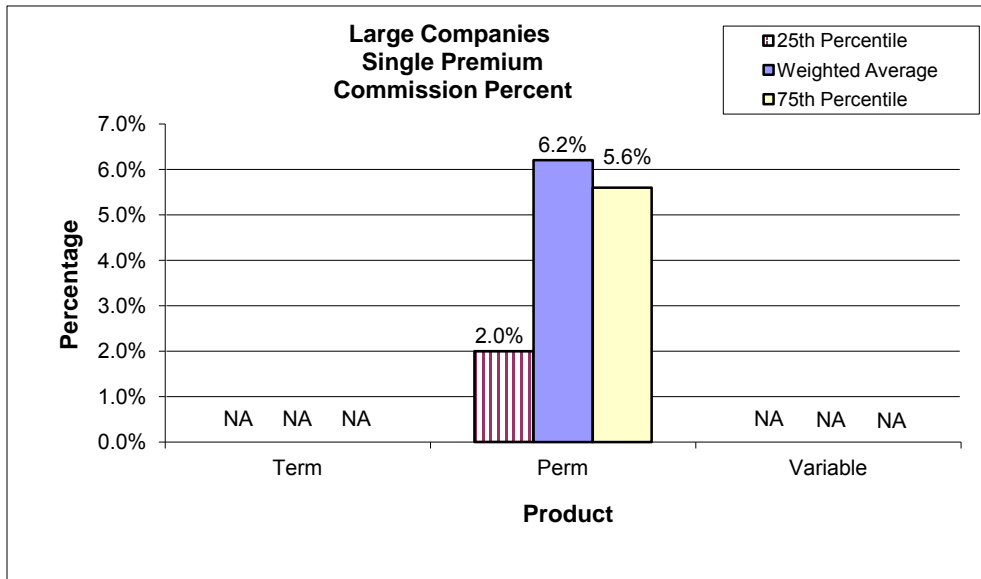
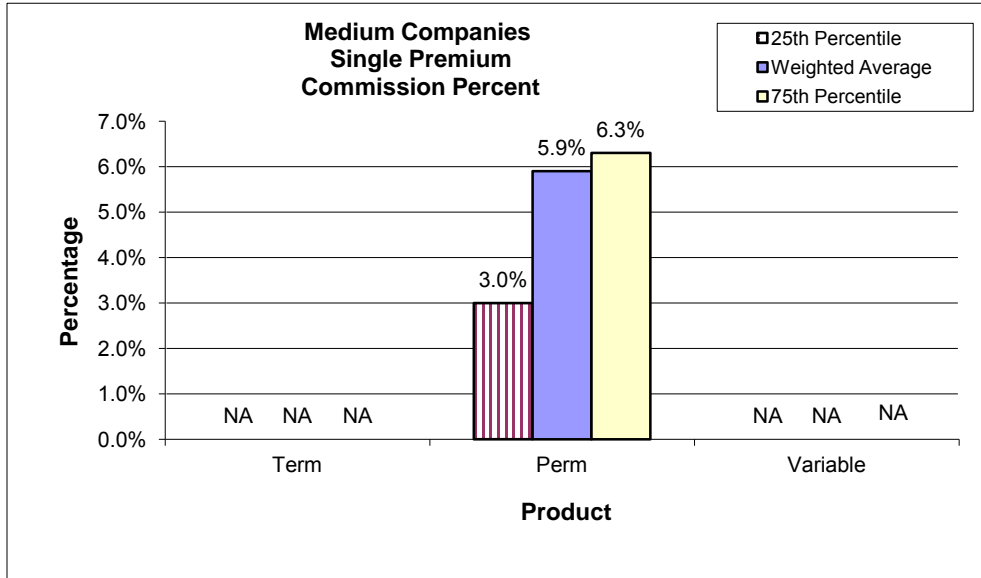
2009 Life Products
Graph 6—Acquisition Expense—All Distribution Systems Combined
Per Policy Index



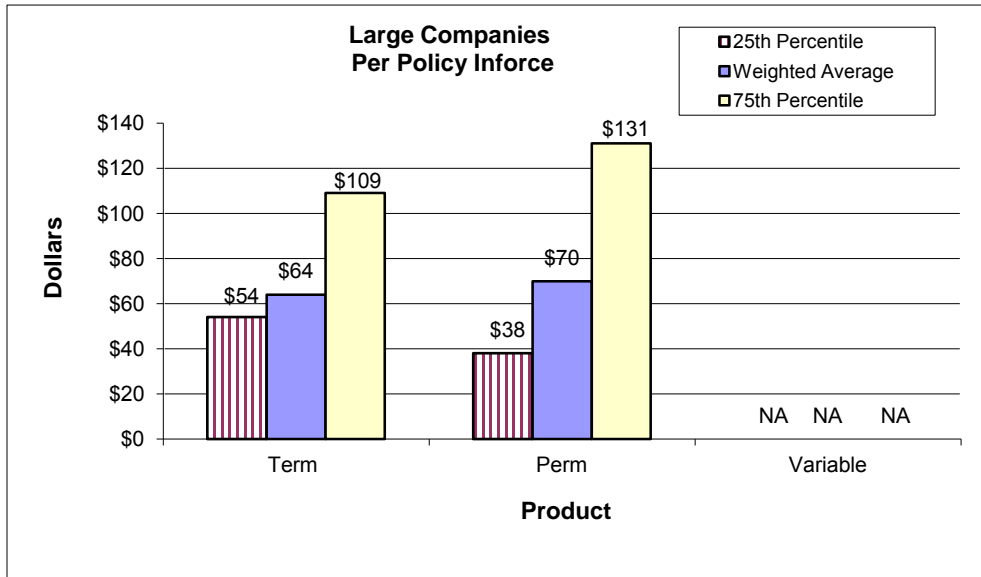
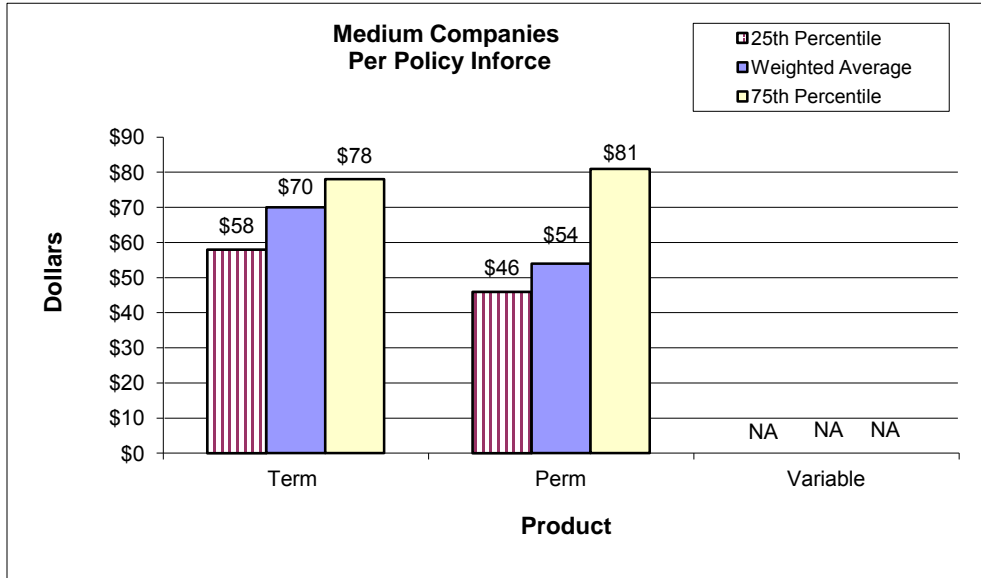
**2009 Life Products
Graph 7—Acquisition Expense—All Distribution Systems Combined
First Year Commission Percent**



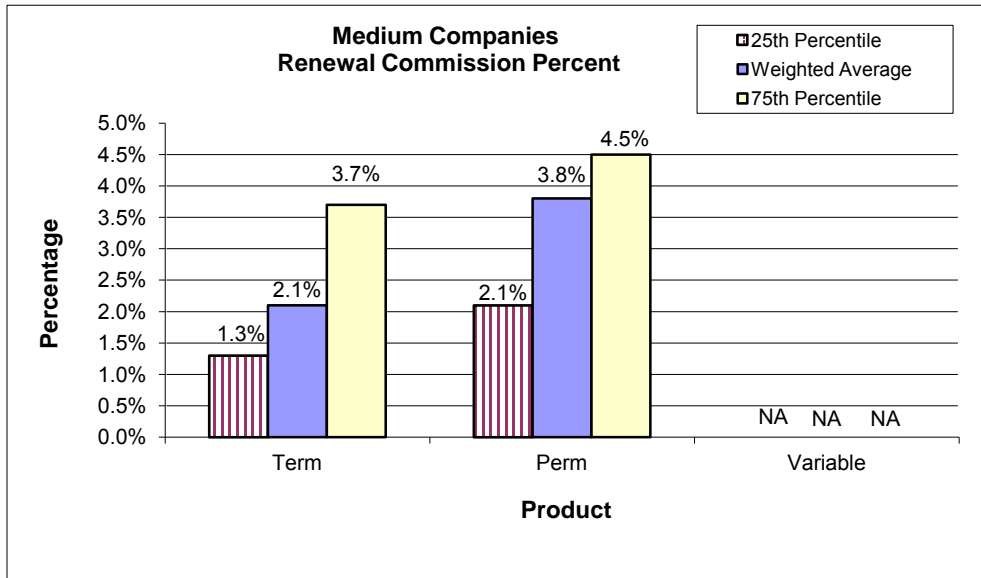
2009 Life Products
Graph 8—Acquisition Expense—All Distribution Systems Combined
Single Premium Commission Percent



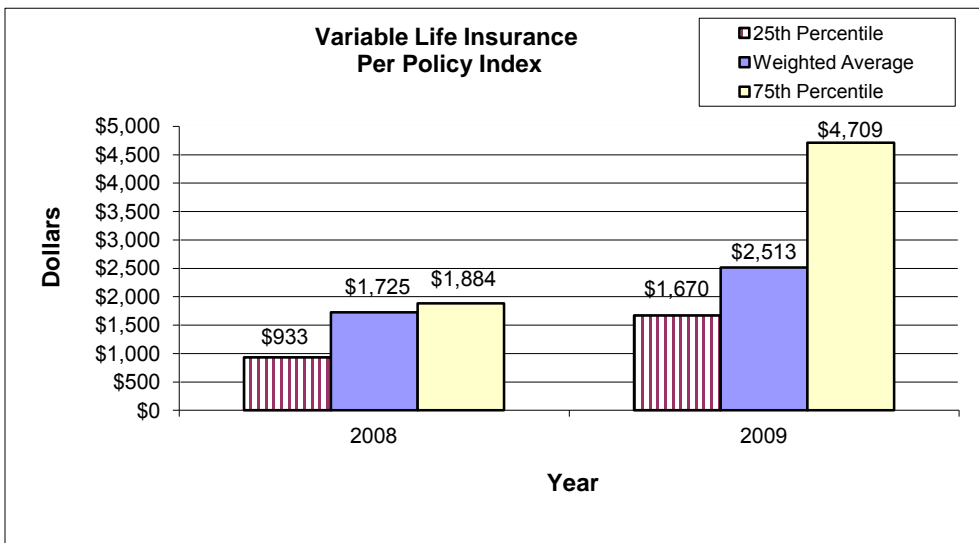
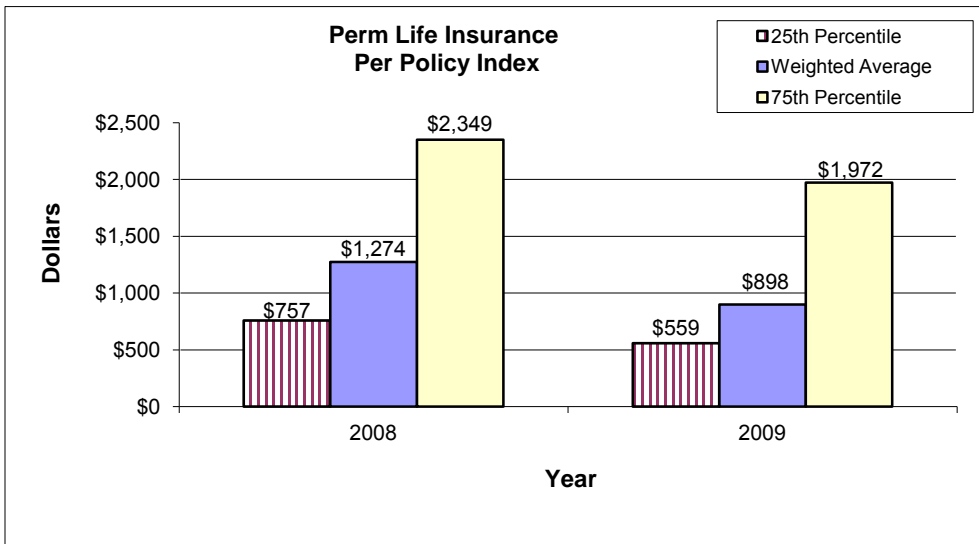
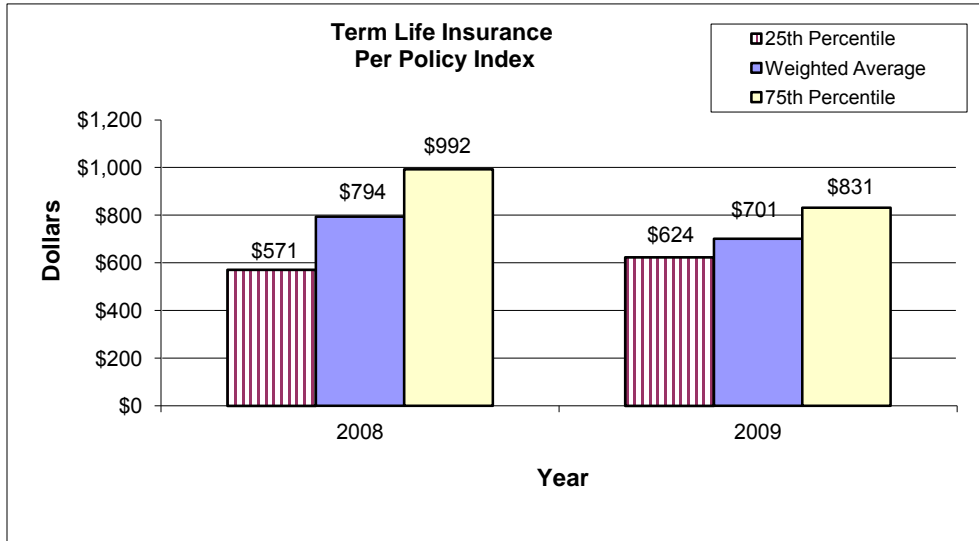
2009 Life Products
Graph 9—Non-acquisition Expense—All Distribution Systems Combined
Per Policy Inforce



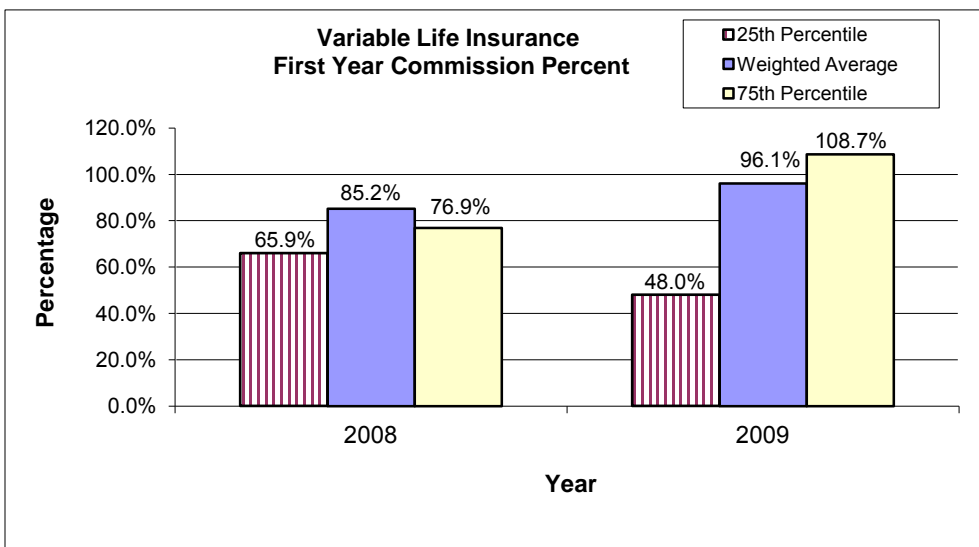
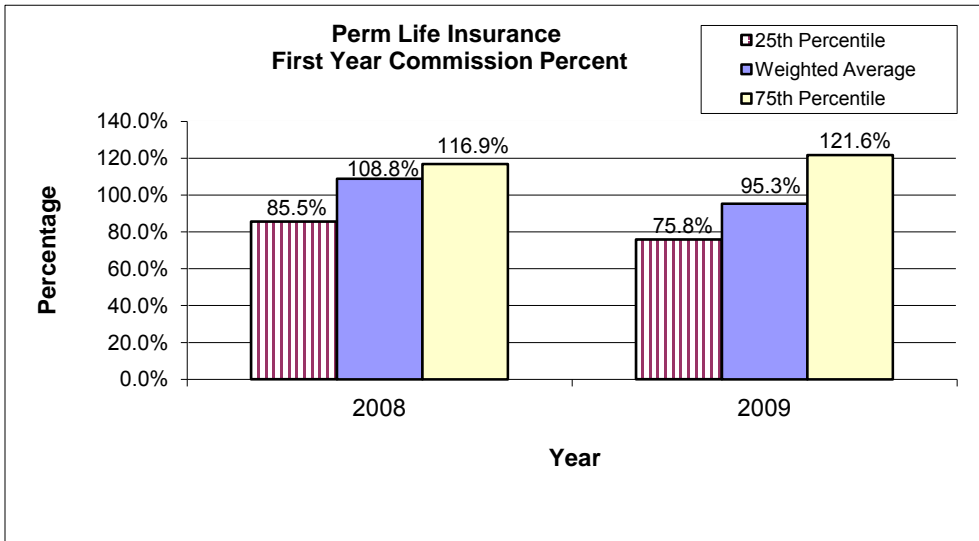
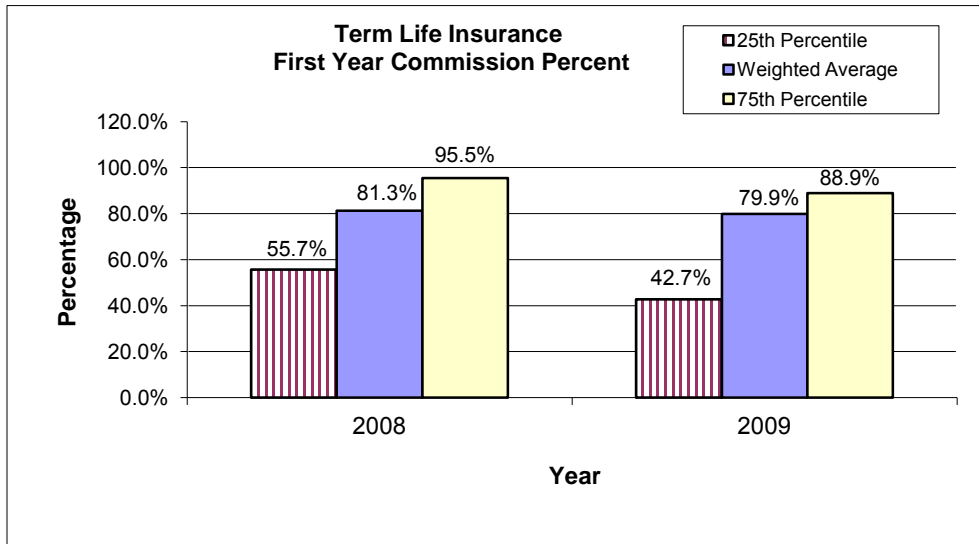
2009 Life Products
Graph 10—Acquisition Expense—All Distribution Systems Combined
Renewal Commission Percent



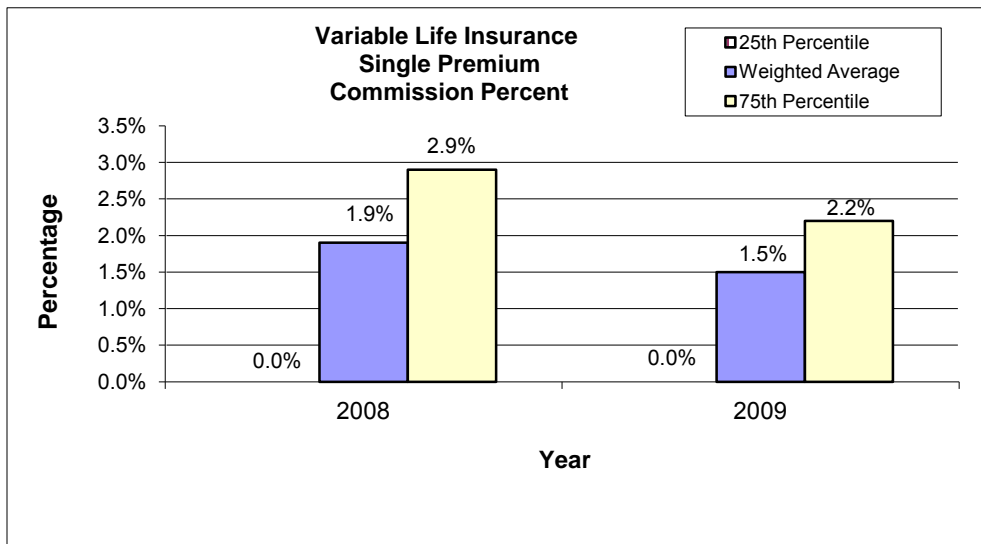
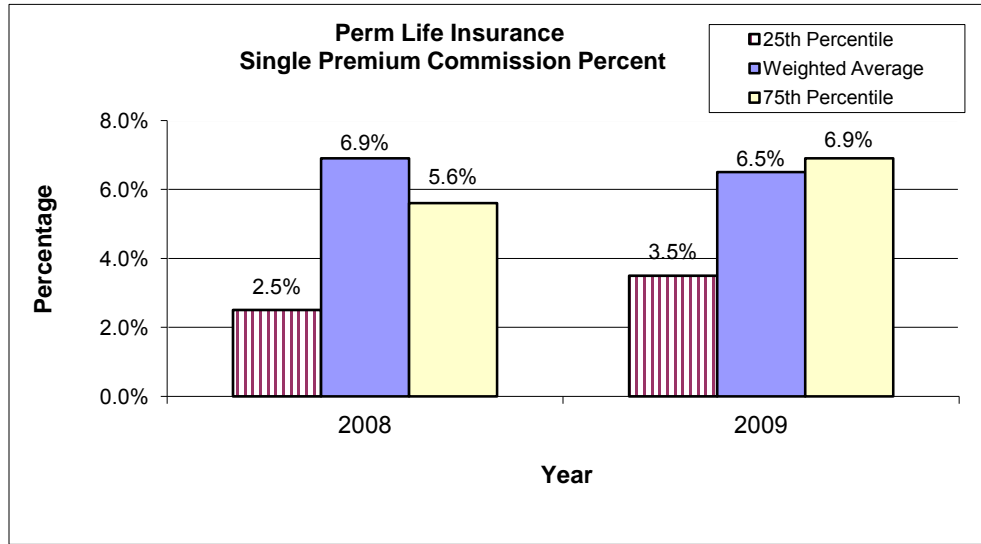
**Graph 11—Comparison of 2008 & 2009 Results
Based on only Companies Contributing in both 2008 & 2009
Acquisition—All Distribution Systems Combined
Per Policy Index**



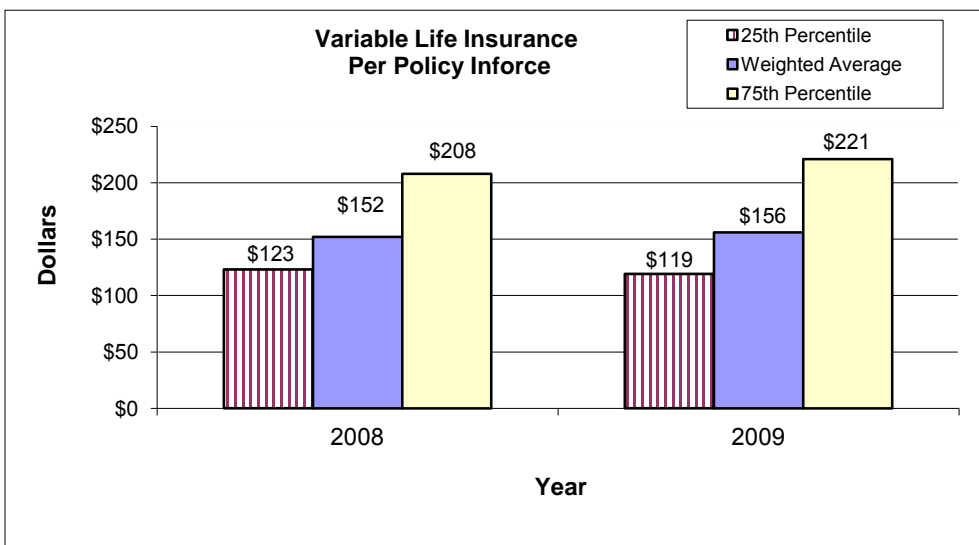
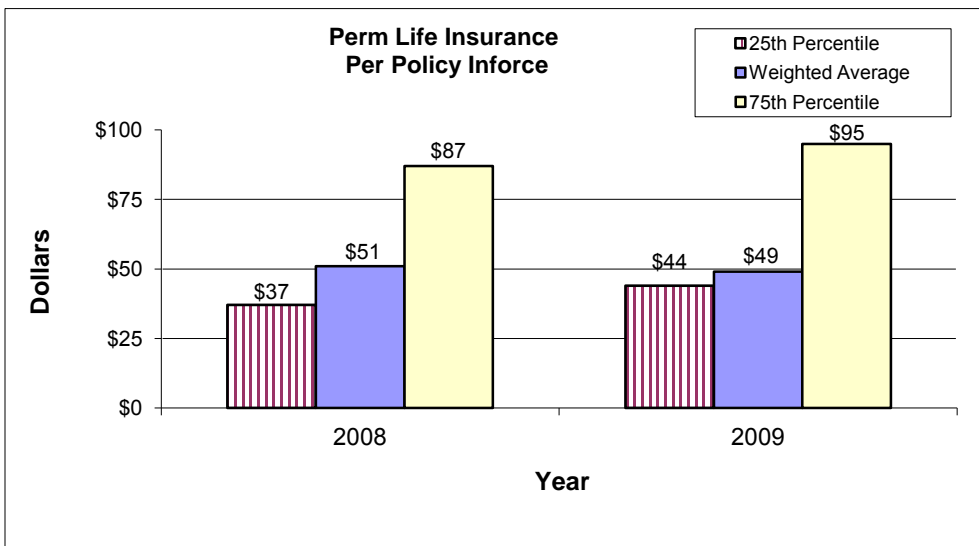
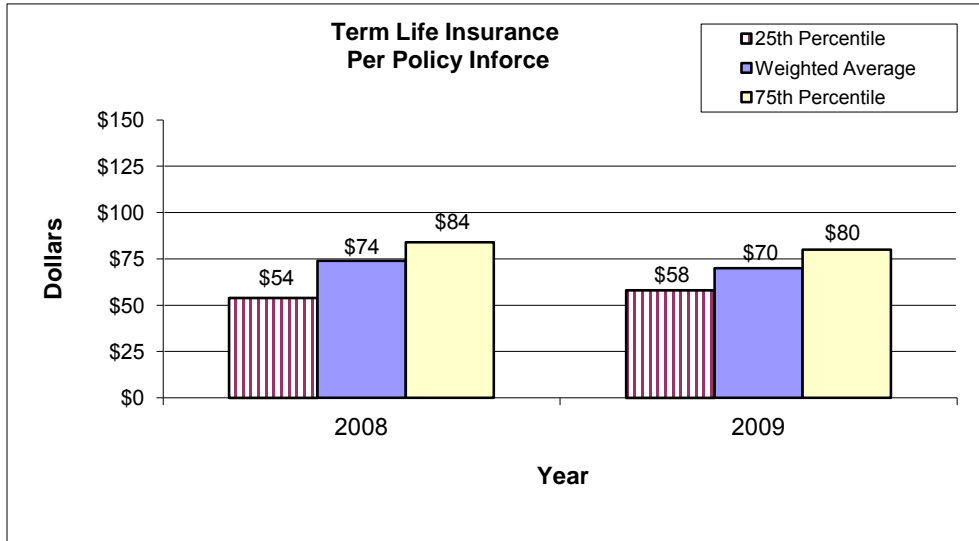
**Graph 12—Comparison of 2008 & 2009 Results
Based on only Companies Contributing in both 2008 & 2009
Acquisition—All Distribution Systems Combined
First Year Commission Percent**



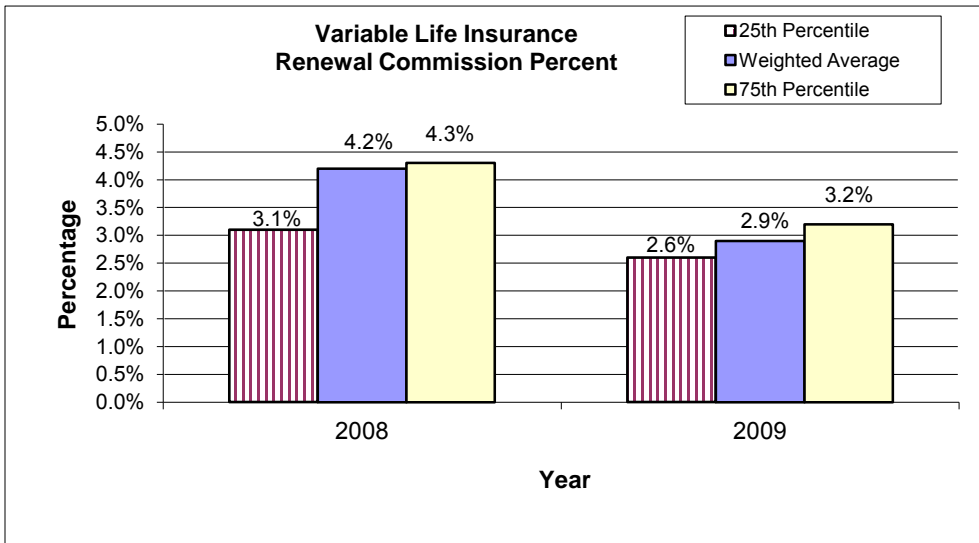
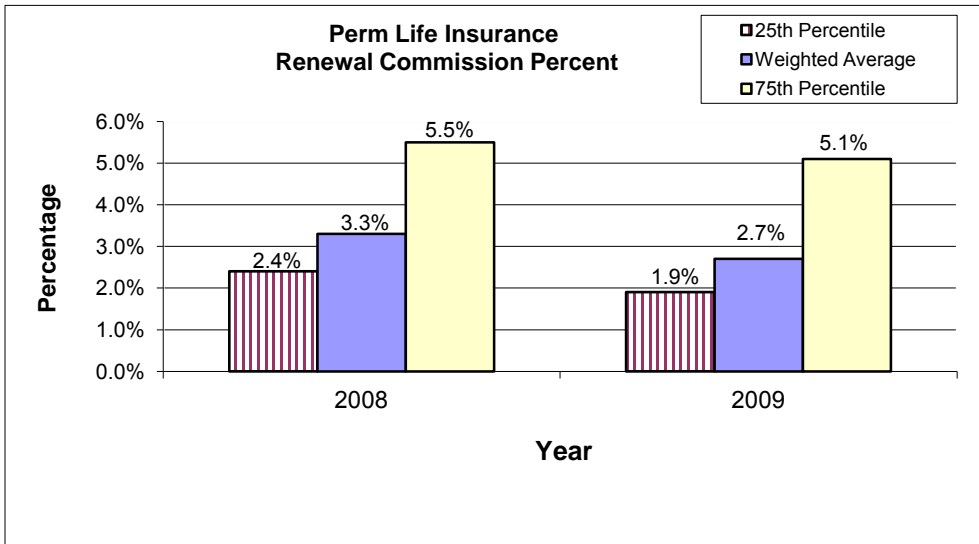
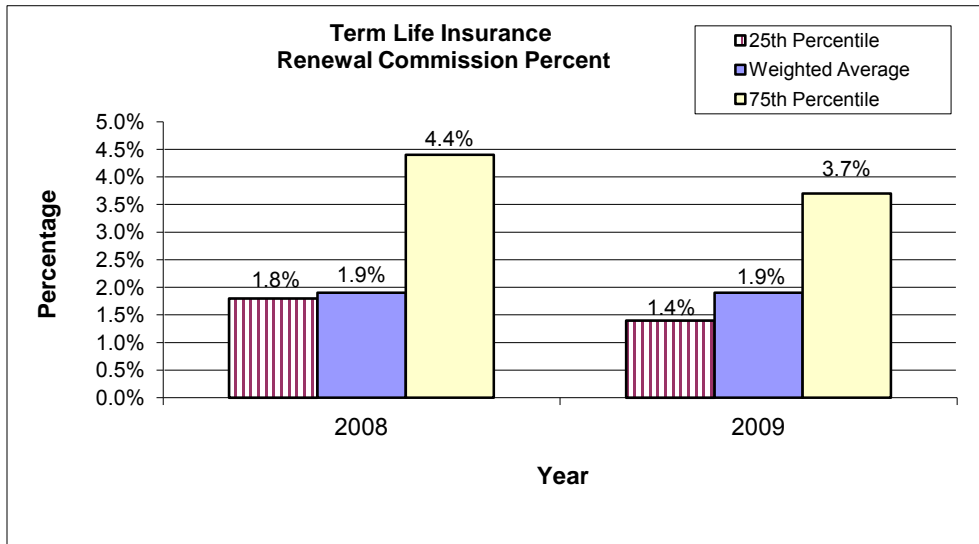
**Graph 13—Comparison of 2008 & 2009 Results
Based on only Companies Contributing in both 2008 & 2009
Acquisition—All Distribution Systems Combined
Single Premium Commission Percent**



**Graph 14—Comparison of 2008 & 2009 Results
Based on only Companies Contributing in both 2008 & 2009
Non-acquisition—All Distribution Systems Combined
Per Policy Inforce**



**Graph 15—Comparison of 2008 & 2009 Results
Based on only Companies Contributing in both 2008 & 2009
Acquisition—All Distribution Systems Combined
Renewal Commission Percent**



2009 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 9

Fixed Deferred Annuity

CAREER

Number of Companies =7

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$199	3.3%	\$1,423	3.3%	1.9%
Unweighted Average	\$208	3.5%	\$1,380	3.7%	3.0%
Median	\$235	4.0%	\$1,105	3.3%	2.4%
25th Percentile	\$164	2.7%	\$698	2.6%	1.8%
75th Percentile	\$255	4.5%	\$1,828	4.3%	3.2%

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	\$179	0.4%	\$399	7.7%	3.1%
Unweighted Average	\$262	1.5%	\$640	7.4%	1.9%
Median	\$258	0.8%	\$686	7.2%	2.7%
25th Percentile	\$228	0.3%	\$497	6.3%	2.4%
75th Percentile	\$289	1.3%	\$827	8.4%	4.4%

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	\$210	1.5%	\$950	5.9%	3.1%
Unweighted Average	\$261	2.2%	\$1,213	5.3%	3.7%
Median	\$248	1.4%	\$715	4.9%	3.8%
25th Percentile	\$206	0.5%	\$520	3.4%	2.2%
75th Percentile	\$282	4.3%	\$1,320	7.7%	5.1%

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	\$116	\$48	\$19	0.1%	\$41,868
Unweighted Average	\$127	\$61	\$106	0.2%	\$35,727
Median	\$115	\$13	\$22	0.1%	\$33,022
25th Percentile	\$85	N/A	\$3	0.0%	\$20,468
75th Percentile	\$158	\$55	\$107	0.2%	\$53,890

Note: Please see the accompanying text for complete descriptions of the tables, calculations, and limitations.

2009 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 10

Fixed Immediate 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	\$132	1.8%	\$1,258	2.1%	N/A
Unweighted Average	\$260	2.5%	\$2,451	3.7%	N/A
Median	\$267	2.1%	\$1,666	3.5%	N/A
25th Percentile	\$118	1.8%	\$1,305	2.6%	N/A
75th Percentile	\$388	3.3%	\$3,692	3.7%	N/A

TOTAL

Number of Companies =11

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$151	1.7%	\$1,220	2.4%	N/A
Unweighted Average	\$258	1.8%	\$1,663	5.5%	N/A
Median	\$230	1.2%	\$1,059	3.8%	N/A
25th Percentile	\$199	0.8%	\$590	3.1%	N/A
75th Percentile	\$341	2.2%	\$1,514	6.9%	N/A

TOTAL

Number of Companies =11

	Non-Acquisition All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Reserve Amount
Weighted Average	\$103	N/A	\$1	0.0%	\$38,118
Unweighted Average	\$115	\$45	\$3	0.1%	\$107,250
Median	\$114	N/A	\$3	0.1%	\$36,789
25th Percentile	\$71	N/A	\$1	0.0%	\$35,473
75th Percentile	\$146	N/A	\$3	0.1%	\$60,487

Note: Please see the accompanying text for complete descriptions of the tables, calculations, and limitations.

2009 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 11

Variable Deferred Annuity

CAREER

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	\$369	7.1%	\$4,152	3.4%	4.2%
Unweighted Average	\$422	7.0%	\$2,994	4.1%	4.6%
Median	\$412	6.6%	\$2,607	3.5%	3.6%

TOTAL

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	\$363	6.5%	\$3,883	3.6%	4.3%
Unweighted Average	\$404	5.7%	\$2,575	4.4%	6.6%
Median	\$363	6.4%	\$1,964	3.9%	4.6%
25th Percentile	\$298	4.2%	\$687	3.3%	3.2%
75th Percentile	\$489	7.5%	\$4,380	5.2%	6.9%

TOTAL

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	\$215	\$6	\$0	0.1%	\$22,194
Unweighted Average	\$218	\$9	\$16	0.4%	\$23,150
Median	\$201	\$4	\$16	0.1%	\$21,329
25th Percentile	\$161	N/A	\$8	0.0%	\$14,253
75th Percentile	\$293	\$16	\$24	0.4%	\$34,041

Note: Please see the accompanying text for complete descriptions of the tables, calculations, and limitations.

2009 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY
TABLE 12—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	7	\$199	3.3%	\$1,423	3.3%	1.9%
Fixed Immediate Annuity	6	\$132	1.8%	\$1,258	2.1%	N/A
Variable Deferred Annuity	5	\$369	7.1%	\$4,152	3.4%	4.2%
TOTAL	8	\$236	4.2%	\$2,168	3.1%	3.0%

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	\$179	0.4%	\$399	7.7%	3.1%
TOTAL	7	\$180	0.4%	\$403	7.7%	2.9%

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	15	\$210	1.5%	\$950	5.9%	3.1%
Fixed Immediate Annuity	11	\$151	1.7%	\$1,220	2.4%	N/A
Variable Deferred Annuity	6	\$363	6.5%	\$3,883	3.6%	4.3%
TOTAL	16	\$230	2.4%	\$1,475	5.0%	3.6%

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 or Reserve
Fixed Deferred Annuity	15	\$116	\$48	\$19	0.1%	\$41,868
Fixed Immediate Annuity	11	\$103	\$0	\$1	0.0%	\$38,118
Variable Deferred Annuity	6	\$215	\$6	\$0	0.1%	\$22,194
TOTAL	16	\$139	\$33	\$9	0.0%	\$36,937

Note: Please see accompanying text for complete descriptions of the tables, calculations, and limitations.

2009 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 13

Fixed Deferred Annuity

SMALL SIZED COMPANIES

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	\$306	1.1%	\$805	4.7%	3.6%
Unweighted Average	\$394	2.7%	\$1,712	4.5%	4.9%
Median	\$392	2.7%	\$803	4.5%	3.4%

SMALL SIZED COMPANIES

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	\$99	\$139	\$417	0.1%	\$30,087
Unweighted Average	\$88	\$119	\$133	0.2%	\$31,522
Median	\$108	\$13	\$133	0.1%	\$28,472

MEDIUM SIZED COMPANIES

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	\$250	1.8%	\$864	4.8%	2.9%
Unweighted Average	\$236	2.4%	\$864	5.7%	2.5%
Median	\$248	1.2%	\$686	7.9%	3.3%

MEDIUM SIZED COMPANIES

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	\$101	\$65	\$27	0.2%	\$28,218
Unweighted Average	\$130	\$54	\$15	0.3%	\$33,792
Median	\$149	\$28	\$13	0.2%	\$21,865

2009 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 13

Fixed Deferred Annuity

LARGE SIZED COMPANIES

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	\$194	1.4%	\$983	6.1%	3.1%
Unweighted Average	\$194	1.9%	\$1,171	5.6%	4.0%
Median	\$212	1.2%	\$869	5.0%	4.4%
25th Percentile	\$141	0.4%	\$569	3.9%	2.2%
75th Percentile	\$261	2.6%	\$1,428	6.9%	4.7%

LARGE SIZED COMPANIES

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	\$122	\$30	\$17	0.1%	\$46,291
Unweighted Average	\$149	\$21	\$231	0.0%	\$40,143
Median	\$124	N/A	\$231	0.0%	\$44,647
25th Percentile	\$79	N/A	\$115	0.0%	\$33,814
75th Percentile	\$200	N/A	\$346	0.1%	\$55,707

Note: Please see accompanying text for complete descriptions of the tables, calculations, and limitations.

2009 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 14

Fixed Immediate Annuity

MEDIUM SIZED COMPANIES

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	\$370	0.6%	\$892	6.4%	N/A
Unweighted Average	\$325	1.7%	\$1,802	4.7%	N/A
Median	\$322	0.7%	\$815	4.1%	N/A

MEDIUM SIZED COMPANIES

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	\$58	N/A	\$2	0.1%	\$16,732
Unweighted Average	\$73	N/A	\$4	0.1%	\$34,035
Median	\$86	N/A	\$2	0.1%	\$35,473

LARGE SIZED COMPANIES

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	\$117	1.8%	\$1,232	1.7%	N/A
Unweighted Average	\$181	1.5%	\$1,019	6.5%	N/A
Median	\$197	1.3%	\$1,223	3.9%	N/A

LARGE SIZED COMPANIES

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	\$107	N/A	\$1	0.0%	\$36,895
Unweighted Average	\$148	N/A	\$2	0.0%	\$38,345
Median	\$147	N/A	\$3	0.0%	\$36,789

Note: Please see accompanying text for complete descriptions of the tables, calculations, and limitations.

2009 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY
Table 15

Annuity Products - Comparison of 2008 and 2009 Unit Costs
for Companies Contributing in both 2008 and 2009

Fixed Deferred Annuity

Number of Companies Contributing = 14

	Acquisition		Commission Percent				Non-acquisition	
	Per Policy Index		First Year/Single Premium		Renewal		Per Policy Inforce	
	2008	2009	2008	2009	2008	2009	2008	2009
Weighted Average	\$768	\$930	5.7%	6.1%	4.6%	3.2%	\$94	\$107
25th Percentile	\$449	\$506	3.3%	3.7%	2.1%	2.4%	\$70	\$76
75th Percentile	\$1,067	\$1,358	6.6%	7.8%	5.3%	5.3%	\$139	\$146
25th Percentile Difference		-19%		-17%		-20%		-5%
75th Percentile Difference		25%		47%		25%		23%

Fixed Immediate Annuity

Number of Companies Contributing = 10

	Acquisition		Commission Percent				Non-acquisition	
	Per Policy Index		First Year/Single Premium		Renewal		Per Policy Inforce	
	2008	2009	2008	2009	2008	2009	2008	2009
Weighted Average	\$1,244	\$1,182	3.4%	2.4%	NA	NA	\$75	\$91
25th Percentile	\$916	\$541	2.6%	3.6%	NA	NA	\$60	\$66
75th Percentile	\$1,769	\$1,402	4.0%	7.6%	NA	NA	\$127	\$139
25th Percentile Difference		-51%		-6%		NA		-12%
75th Percentile Difference		18%		18%		NA		35%

Variable Deferred Annuity

Number of Companies Contributing = 5

	Acquisition		Commission Percent				Non-acquisition	
	Per Policy Index		First Year/Single Premium		Renewal		Per Policy Inforce	
	2008	2009	2008	2009	2008	2009	2008	2009
Weighted Average	\$808	\$3,071	5.6%	3.9%	4.1%	3.4%	\$157	\$168
25th Percentile	\$652	\$476	4.1%	3.5%	3.1%	3.1%	\$157	\$157
75th Percentile	\$865	\$2,607	6.0%	5.5%	4.7%	5.7%	\$220	\$231
25th Percentile Difference		-39%		-16%		-16%		-47%
75th Percentile Difference		-1%		4%		21%		0%

Note: Please see accompanying text for complete descriptions of the tables, calculations, and limitations.

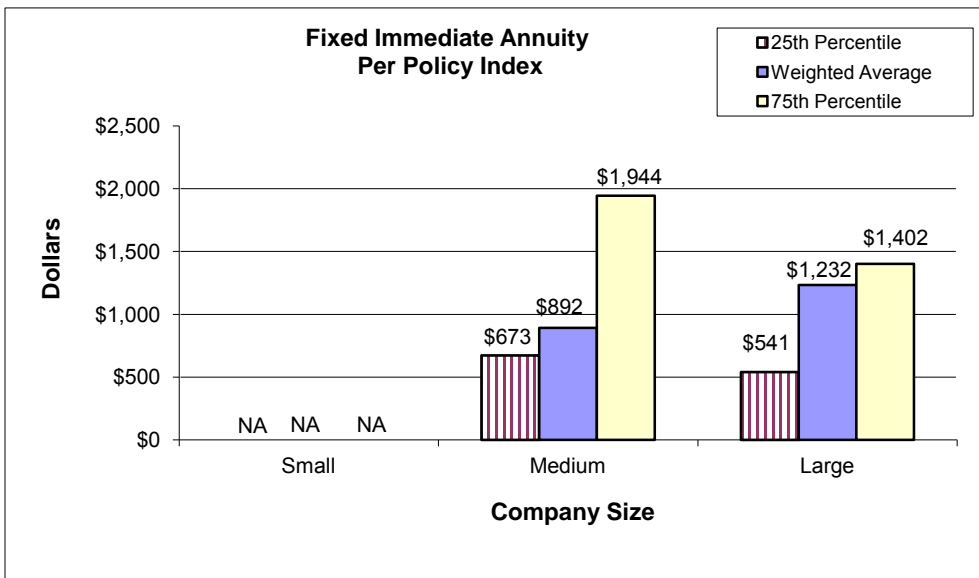
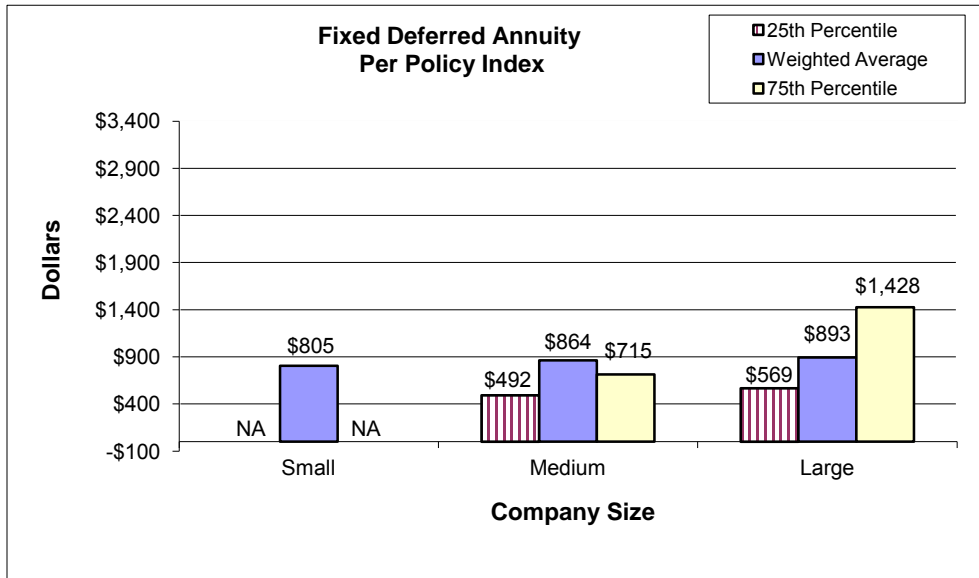
2009 SOA Expense Study
Table 16 - Total Expense Units - All Companies

	Annuity Products							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
A. New Business - Direct								
1. Policies / Contracts Issued	130,843	56,547	1,962	8,830	0	34,081	2,799	235,062
2. First Year Premium Collected	2,423,731,009	1,213,820,169	41,031	0	0	1,738,748,057	122,219,000	5,498,559,266
3. Single Premium Collected	3,632,595,554	1,904,636,322	126,480,613	754,928,551	0	151,825,684	10,963,485	6,581,430,209
B. Inforce - Direct - Current Year								
1. Policies / Contracts	1,638,137	523,178	11,291	292,397	0	414,048	13,048	2,892,099
2. Volume (not applicable to annuities)	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
3. Renewal Premium Collected	1,308,437,986	55,467,936	1,356,683	0	0	176,200,478	17,556,000	1,559,019,083
4. Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	109,842,421,019	109,842,421,019
C. Inforce - Direct - Previous Year								
1. Policies / Contracts	1,617,683	515,705	10,053	316,349	0	404,805	11,555	2,876,150
2. Renewal Premium Collected	990,977,112	35,066,433	1,896,721	0	0	142,240,703	20,609,000	1,190,789,969
3. Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	103,234,034,807	103,234,034,807
D. Claims/Contracts								
1. Number of Surrenders/Lapses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	117,200	117,200
2. Number of Annuity Contracts on which a Periodic Payment was made	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	631,860	631,860

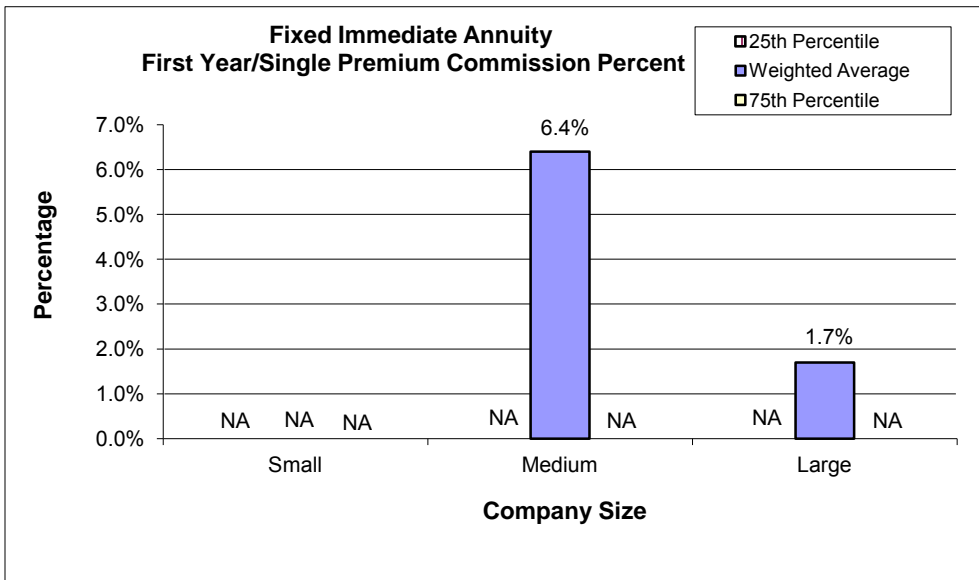
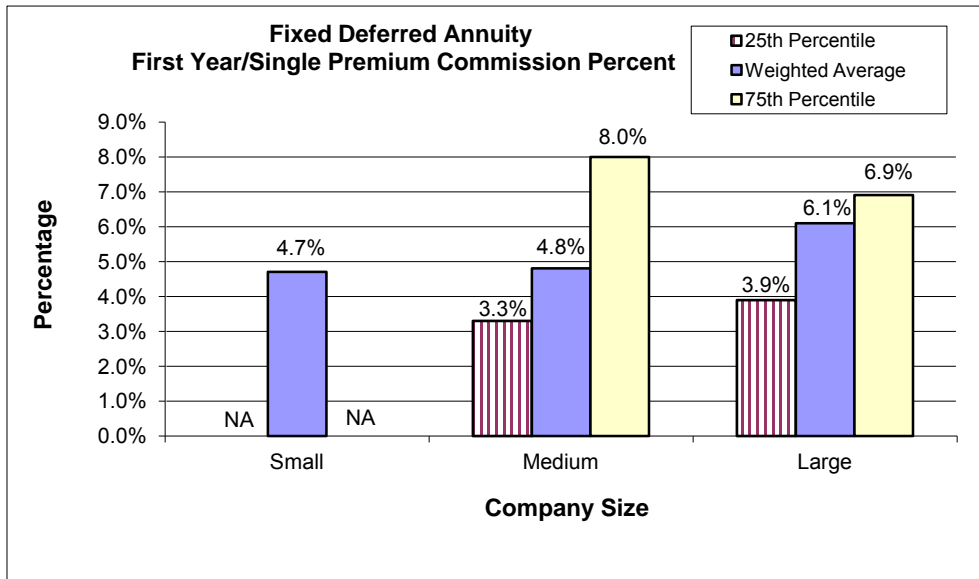
2009 SOA Expense Study
Table 16 - Total Expenses - All Companies

Function	Annuity Products							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
E. Commissions Paid								
1. First Year Commissions	98,086,029	133,151,788	0	0	0	127,344,595	9,444,000	368,026,412
2. Single Commissions	87,724,294	105,794,147	5,956,571	30,345,026	0	8,036,638	659,000	238,515,676
3. Renewal Commissions	39,560,638	1,634,728	143,788	34,997	0	13,727,890	930,000	56,032,041
F. Acquisition / Developmental Expenses Paid								
1. Sales / Marketing	243,048,329	9,947,879	379,852	11,422,490	0	11,028,301	1,404,000	277,230,851
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	11,472,304	4,850,787	226,571	3,397,132	0	3,217,212	245,000	23,409,005
5. Product Development	7,681,771	1,212,977	253,778	7,261	0	1,156,104	346,000	10,657,891
6. Other Acquisition - Please list								
a.	17,410,868	2,493,536	0	0	0	1,450,801	40,000	21,395,204
b.	4,018,924	1,467,485	0	0	0	756,266	0	6,242,676
c.	0	340,626	0	0	0	574,016	0	914,642
d.	0	2,501,694	0	0	0	4,351,299	0	6,852,993
G. Other Expenses Paid								
1. Benefit Department(s) / Claim Settlement Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	5,714,947	5,714,947
2. Policyowner Services	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	46,096,173	46,096,173
3. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	3,866,718	3,866,718
4. Significant Non-recurring Expenses (specify)								
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	13,061,327	13,061,327
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	264,289,994	264,289,994
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	41,006,934	41,006,934
7. Other non-overhead								
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	77,479,407	77,479,407
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
H. Premium Tax & Guar Assoc Assessments								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	9,692,329	9,692,329
I. Total Expenses								
	509,003,157	263,395,647	6,960,559	45,206,905	0	171,643,121	433,268,895	1,429,478,285

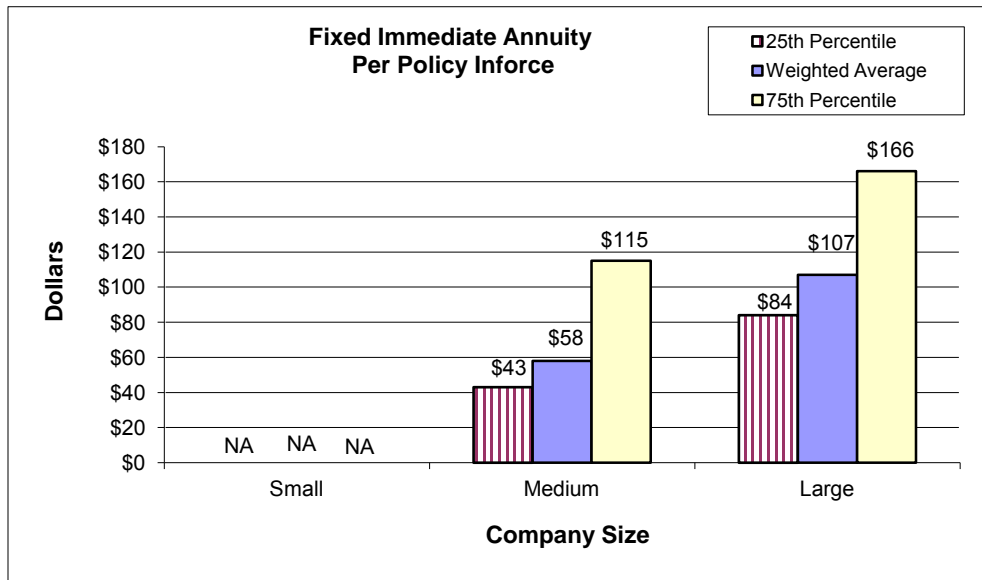
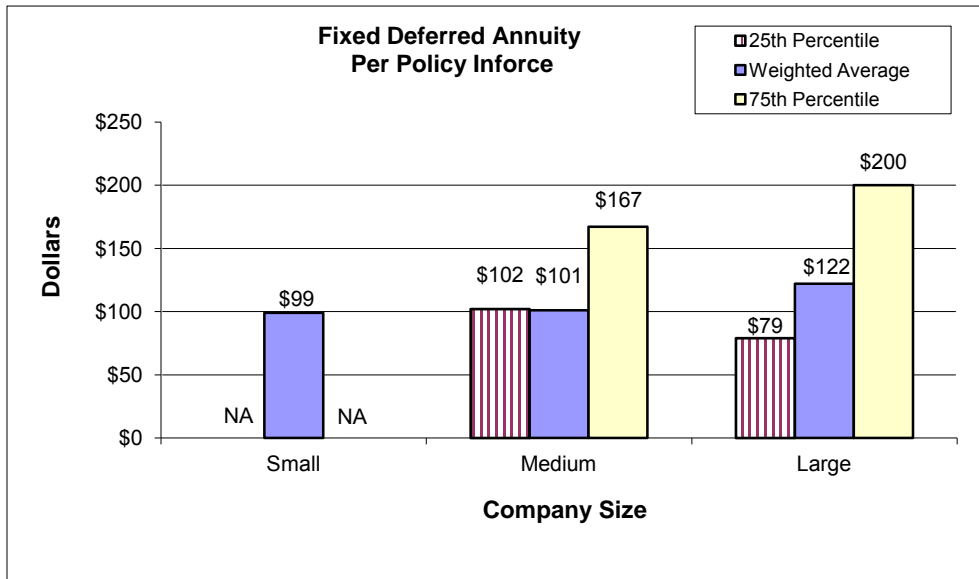
2009 Annuity Products
Graph 16—Acquisition Expense—All Distribution Systems Combined
Per Policy Index



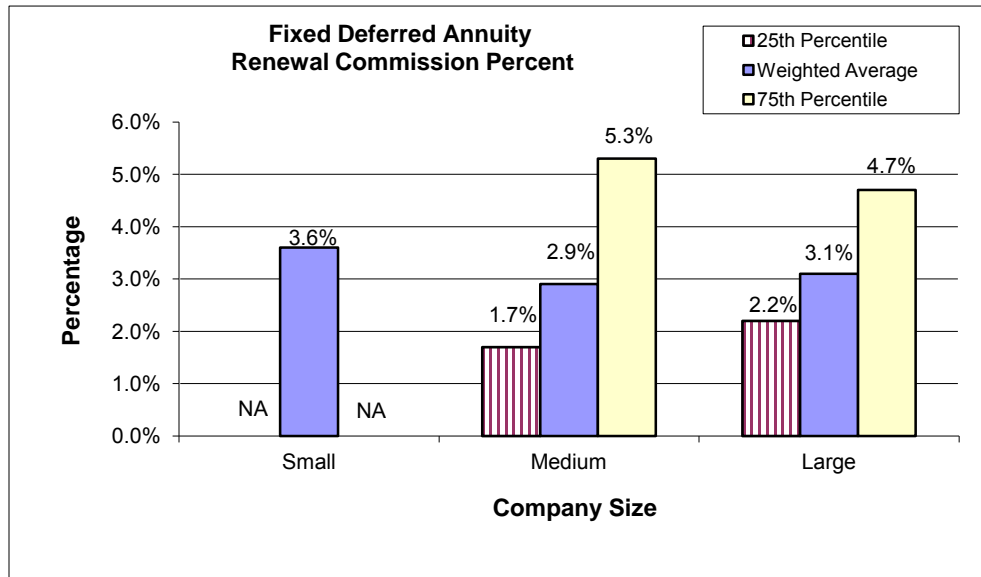
2009 Annuity Products
Graph 17—Acquisition Expense—All Distribution Systems Combined
First Year/Single Premium Commission Percent



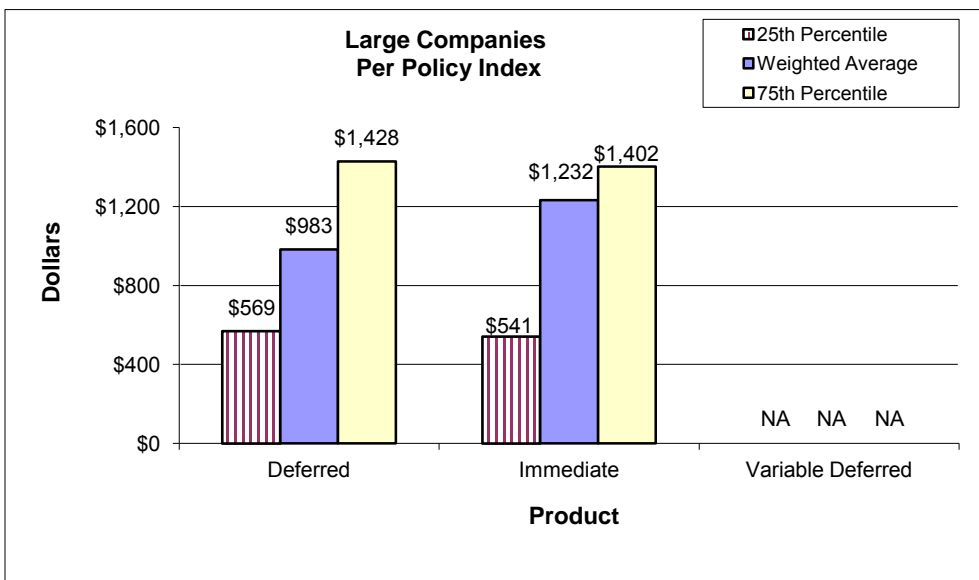
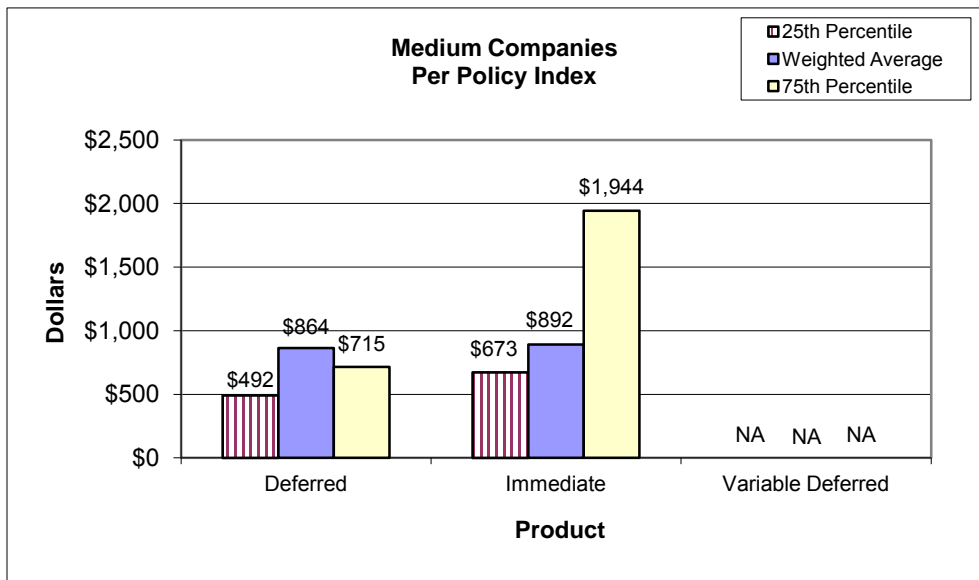
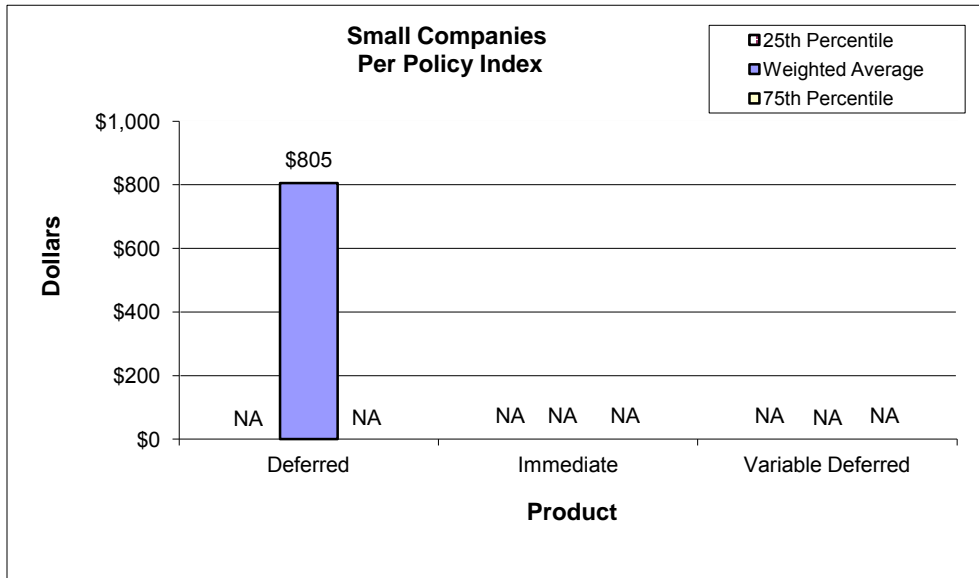
2009 Annuity Products
Graph 18—Non-acquisition Expense—All Distribution Systems Combined
Per Policy Inforce



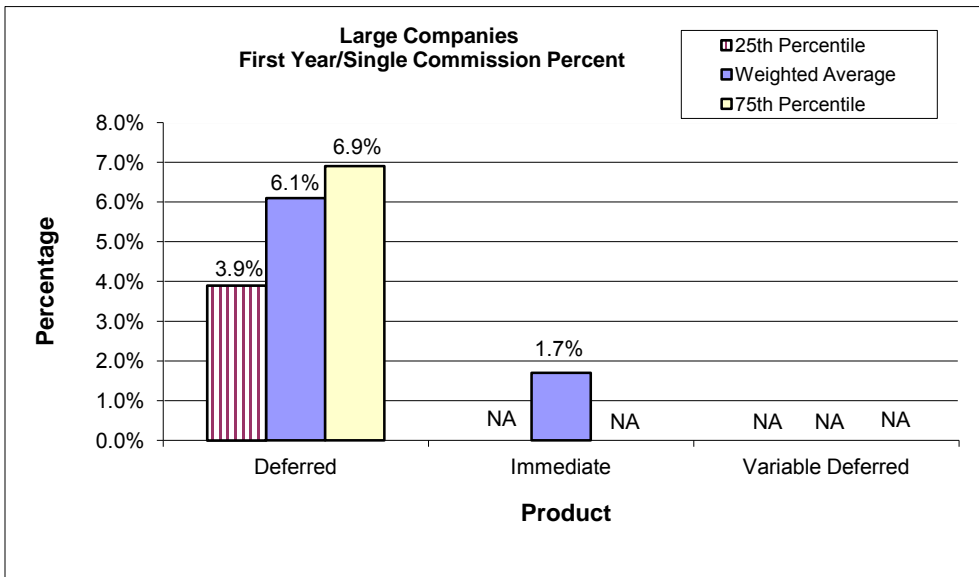
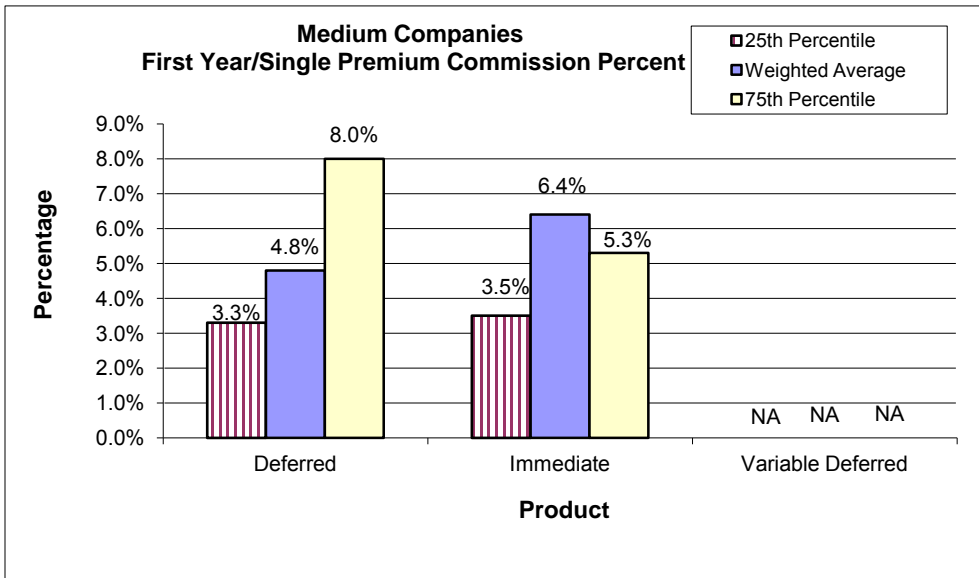
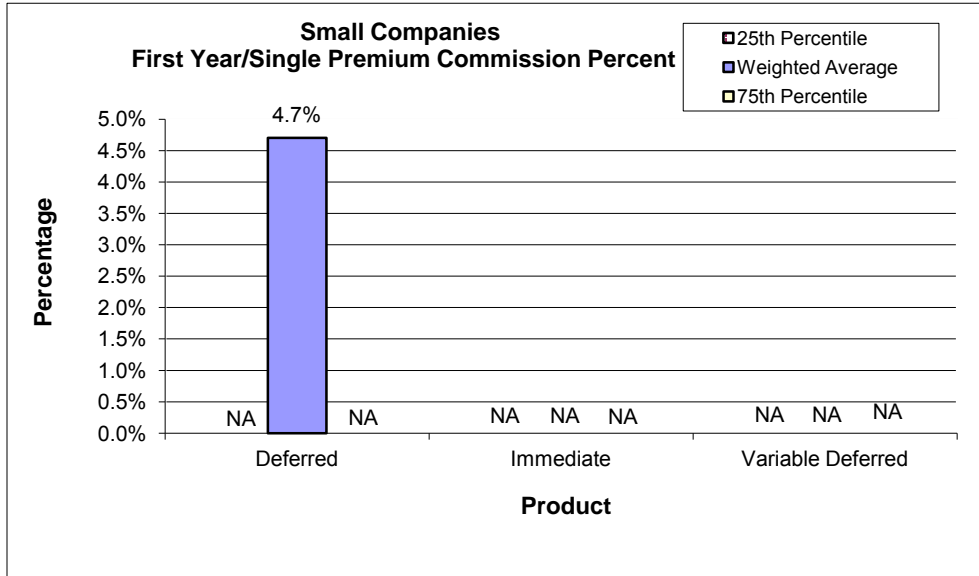
2009 Annuity Products
Graph 19—Acquisition Expense—All Distribution Systems Combined
Renewal Commission Percent



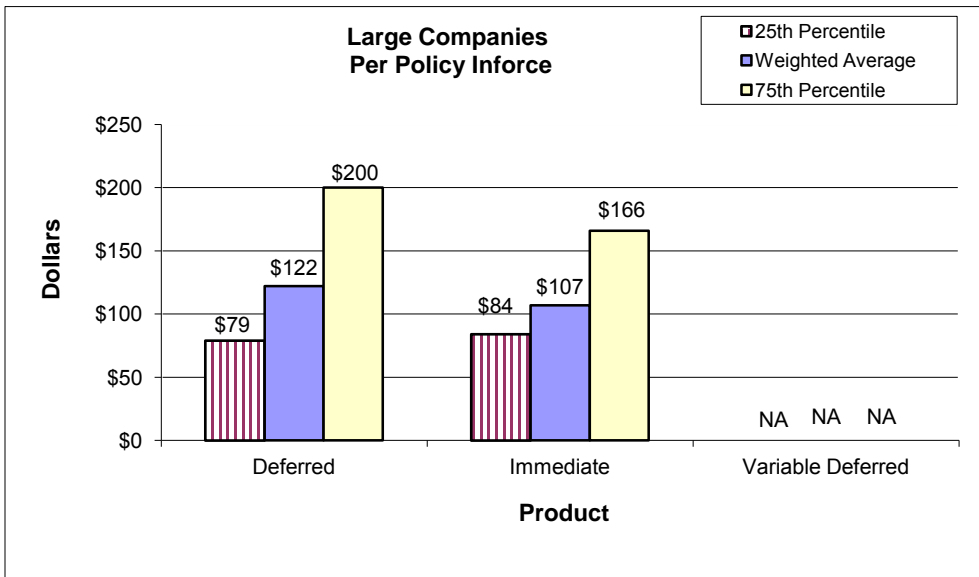
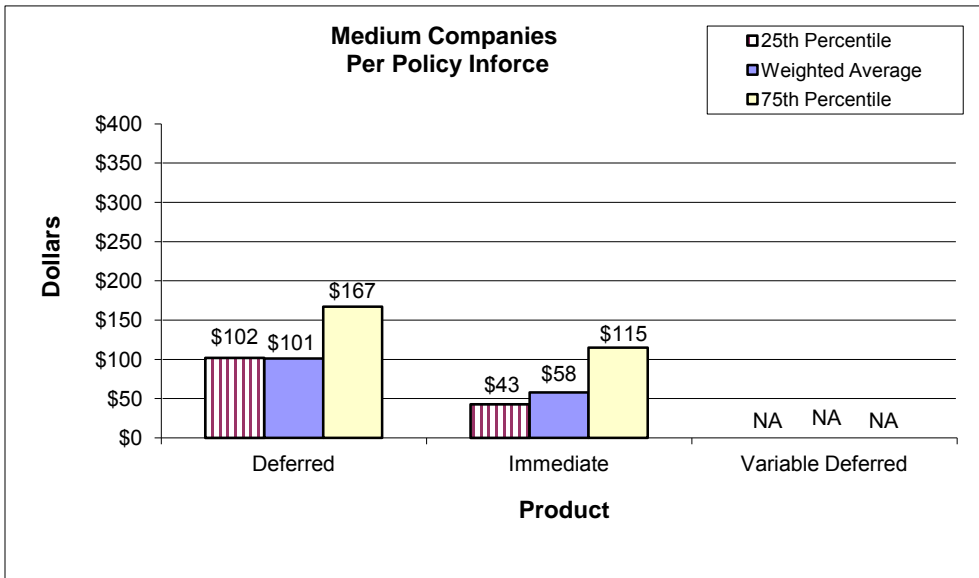
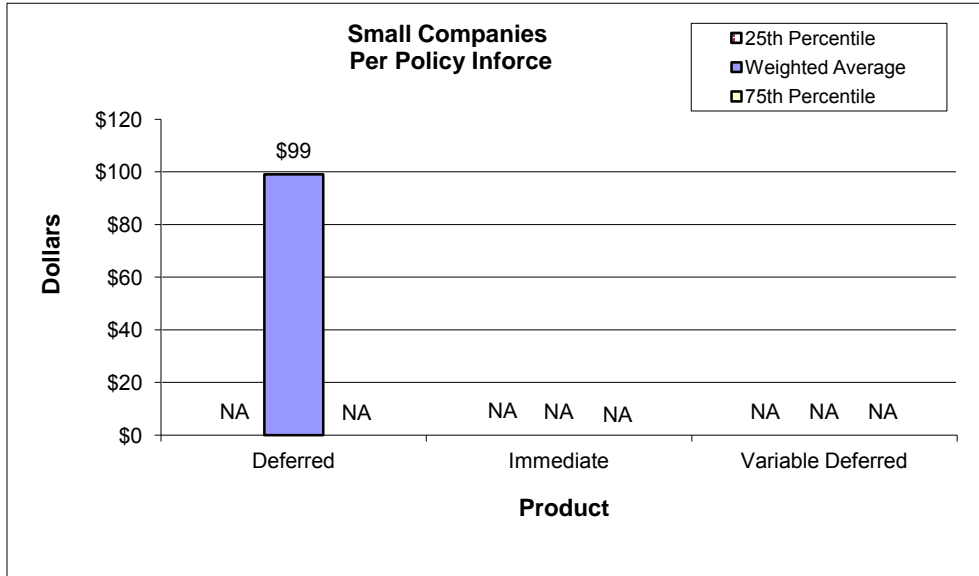
2009 Annuity Products
Graph 20—Acquisition Expense—All Distribution Systems Combined
Per Policy Index



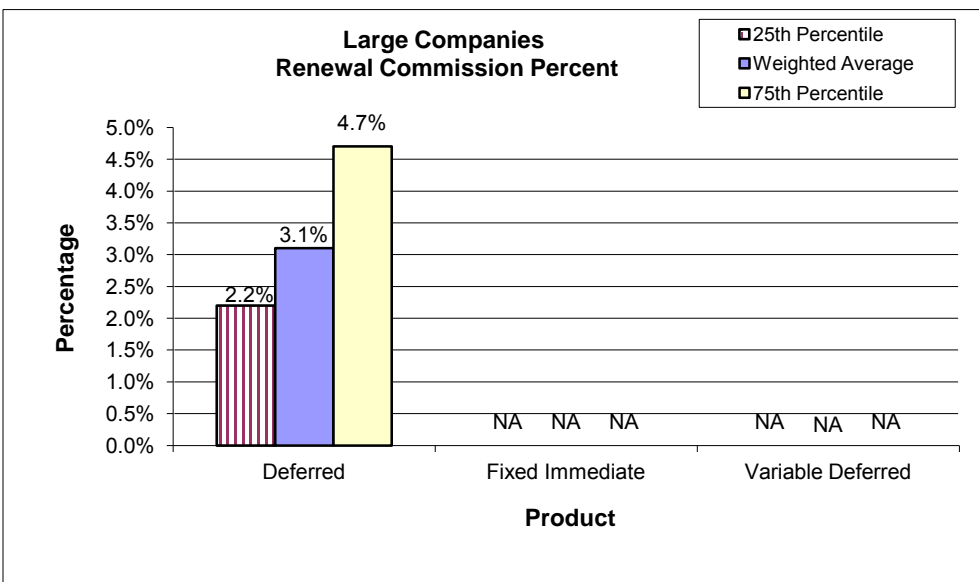
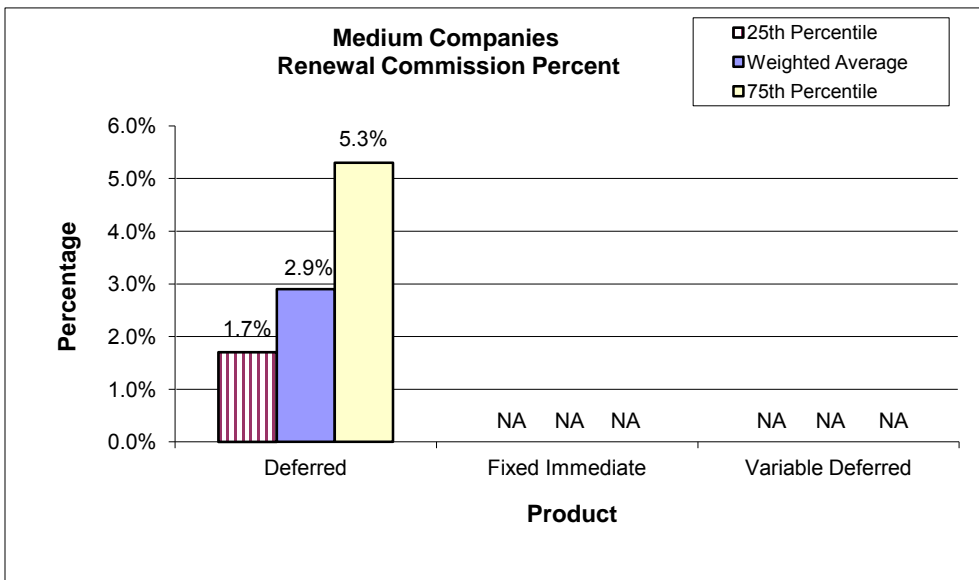
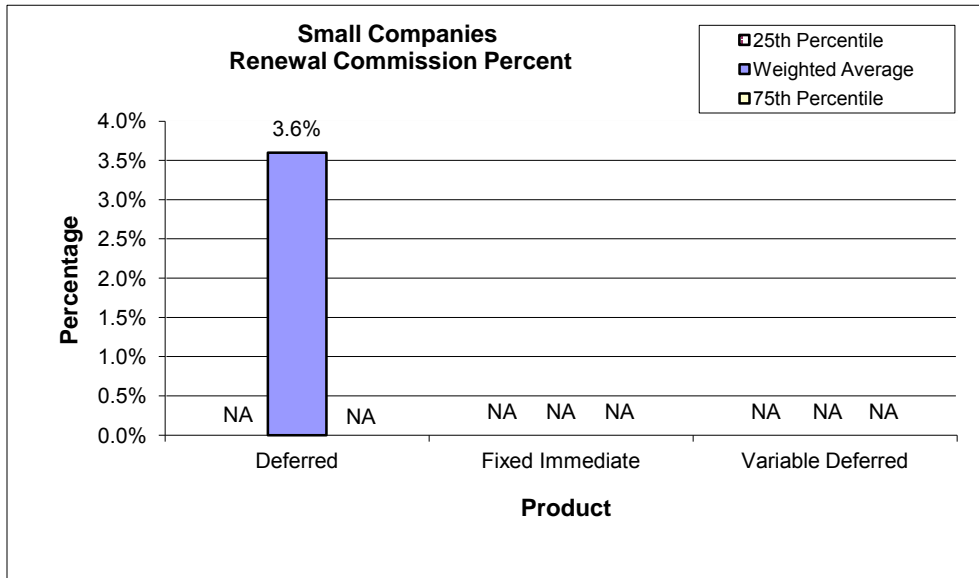
2009 Annuity Products
Graph 21—Acquisition Expense—All Distribution Systems Combined
First Year/Single Premium Commission Percent



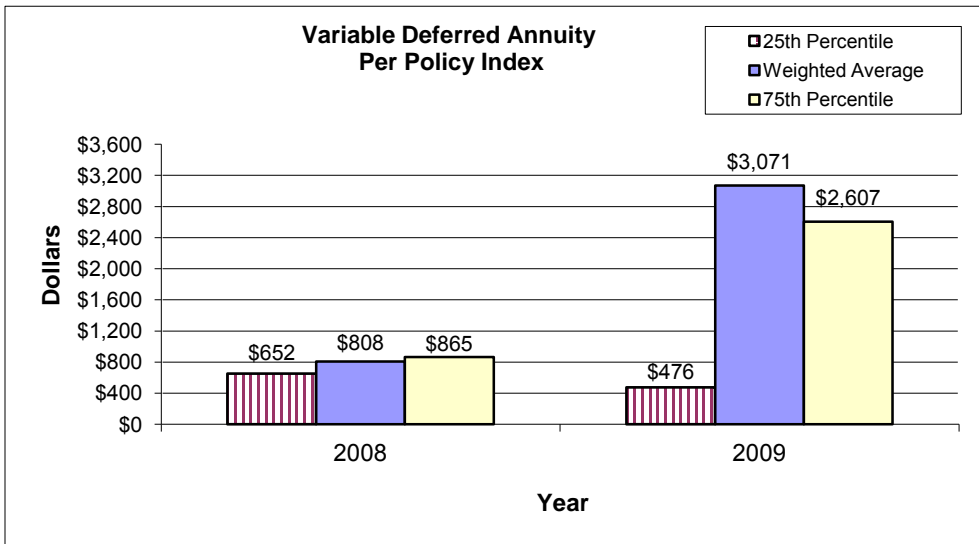
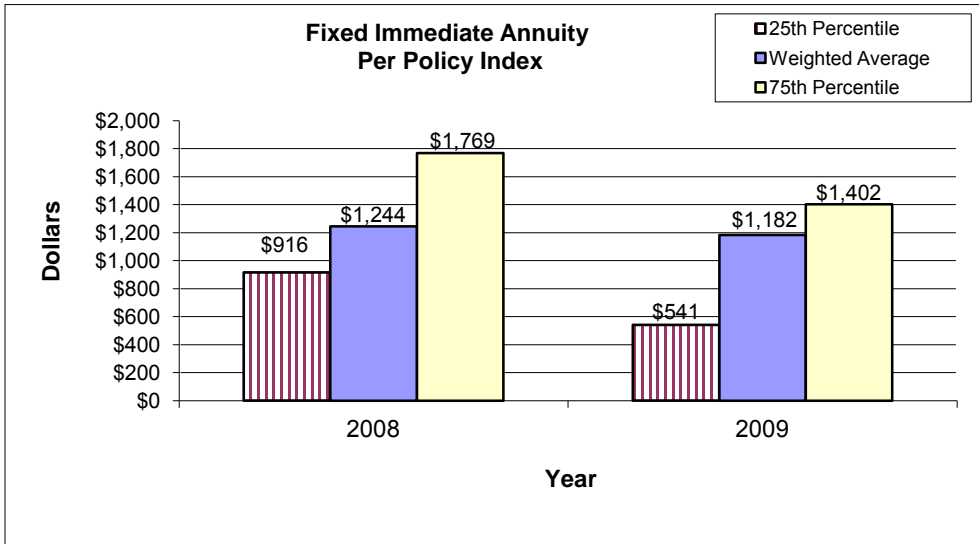
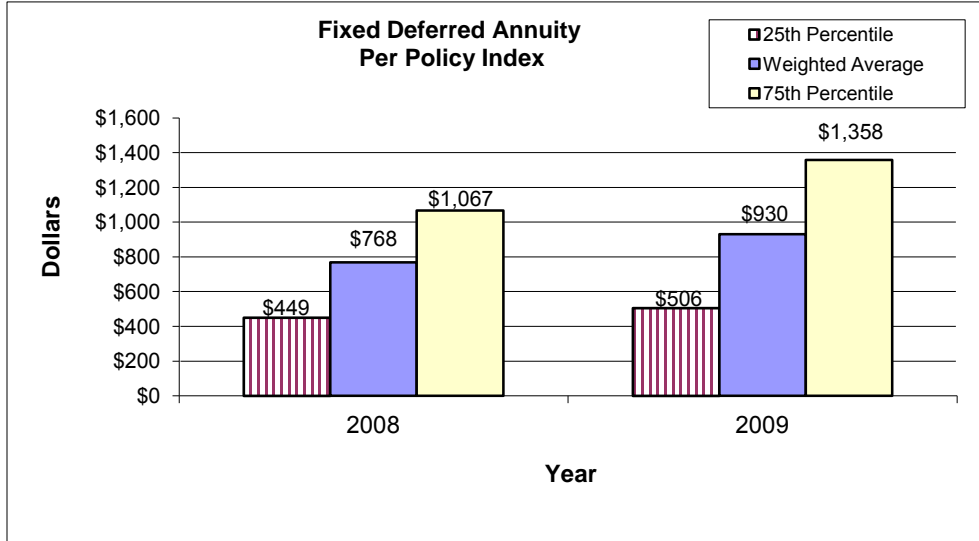
2009 Annuity Products
Graph 22—Non-acquisition Expense—All Distribution Systems Combined
Per Policy Inforce



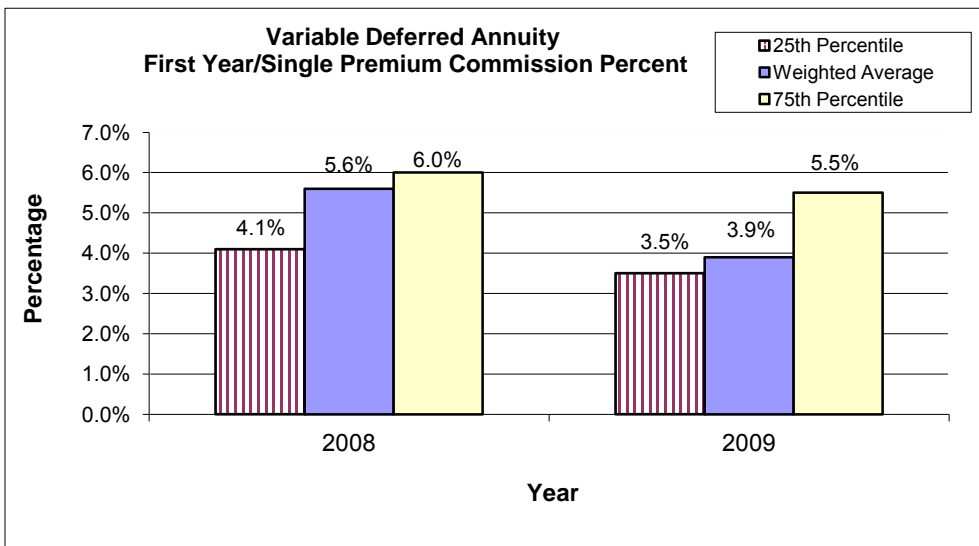
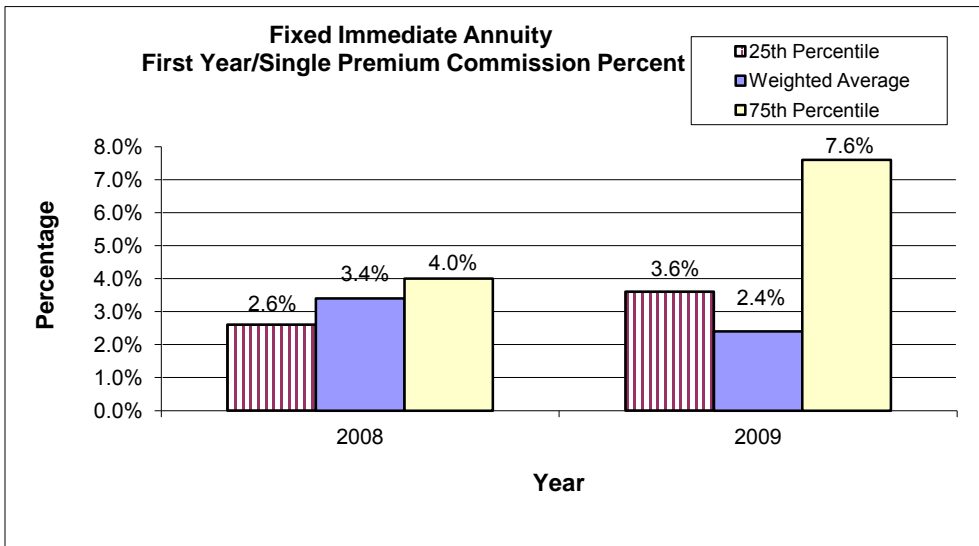
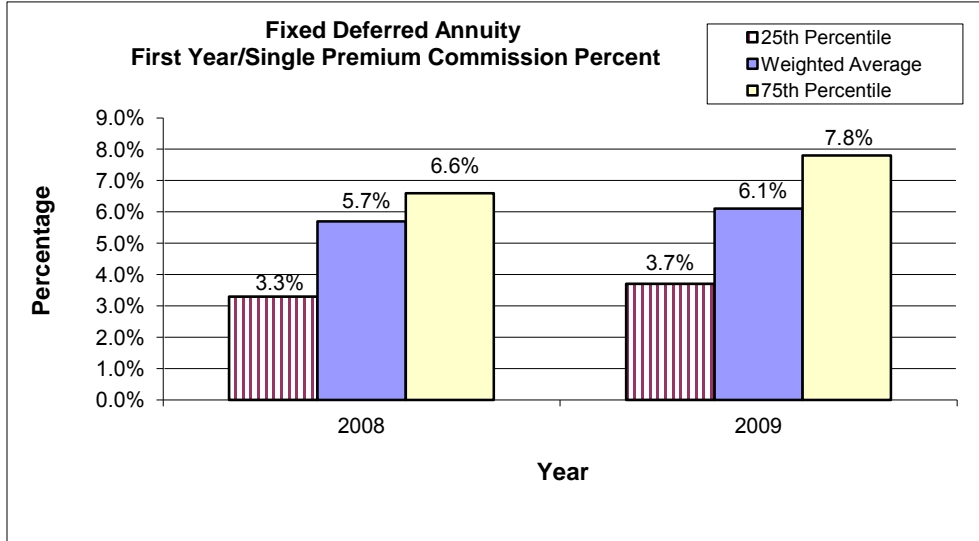
2009 Annuity Products
Graph 23—Acquisition Expense—All Distribution Systems Combined
Renewal Commission Percent



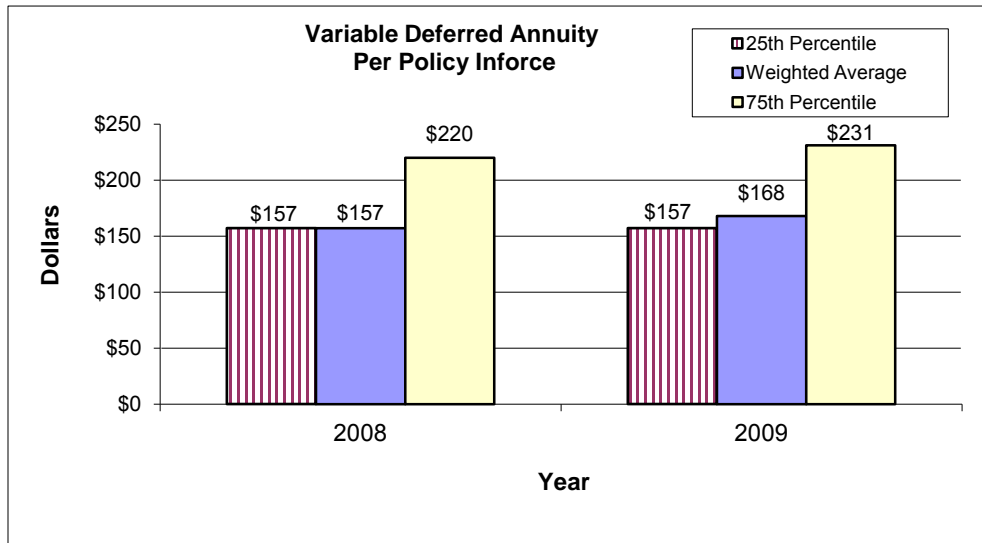
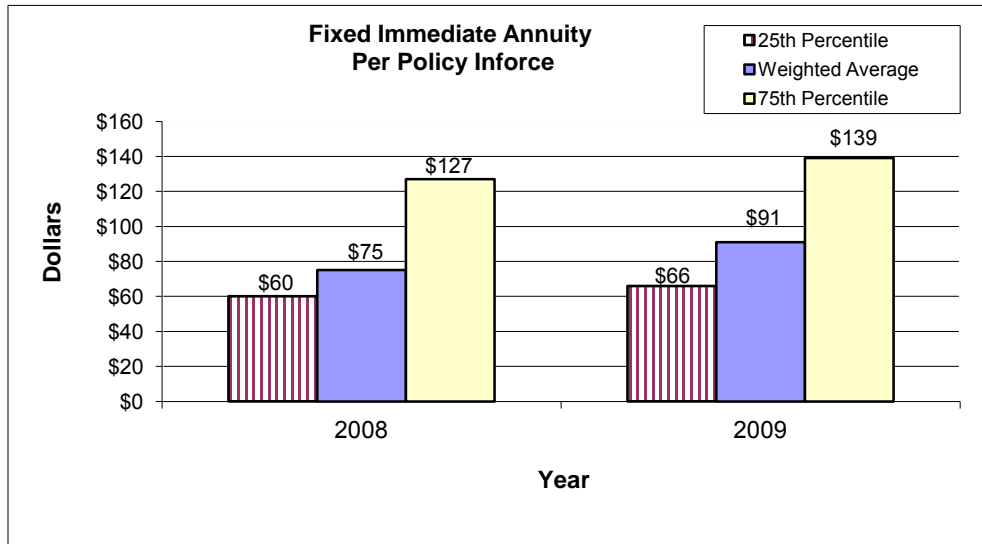
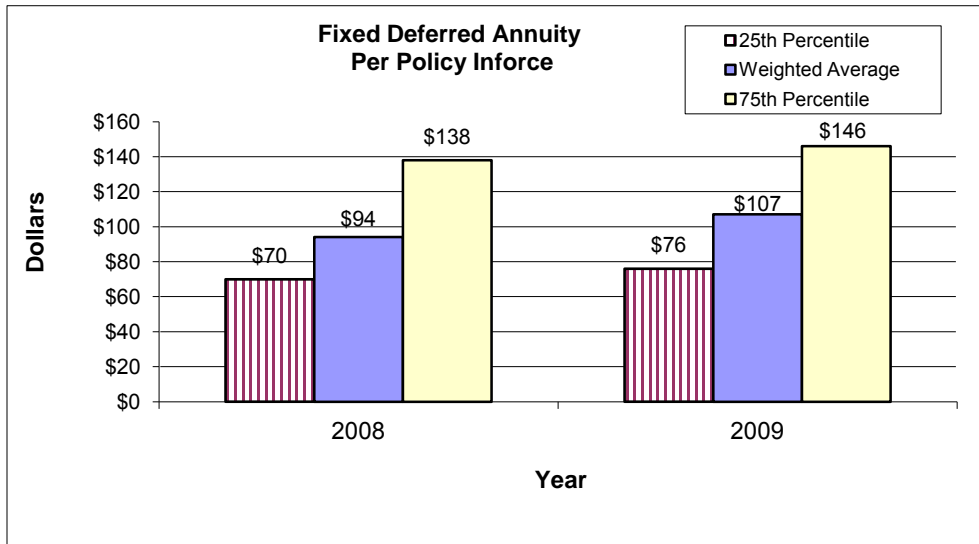
**Graph 24—Comparison of 2008 & 2009 Results
Based on only Companies Contributing in both 2008 & 2009
Acquisition—All Distribution Systems Combined
Per Policy Index**



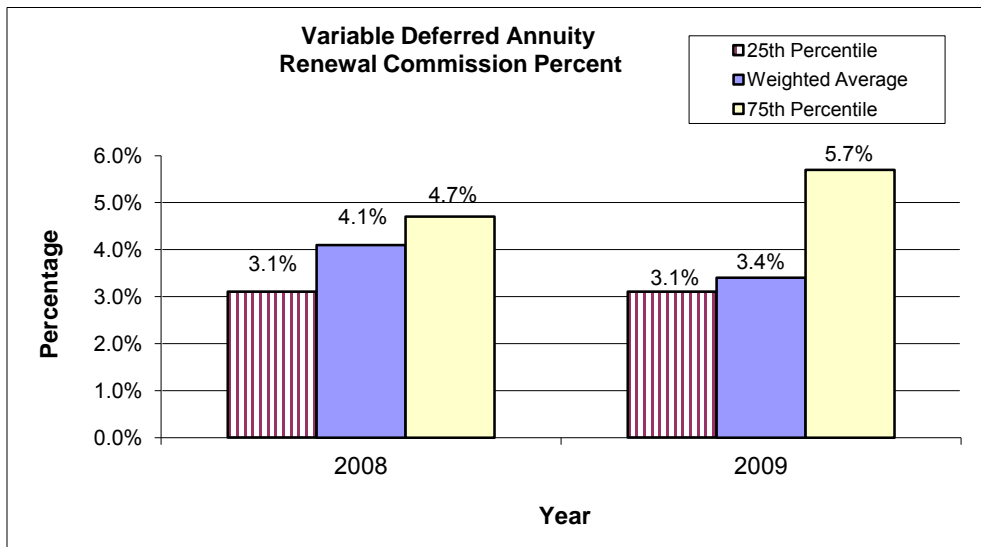
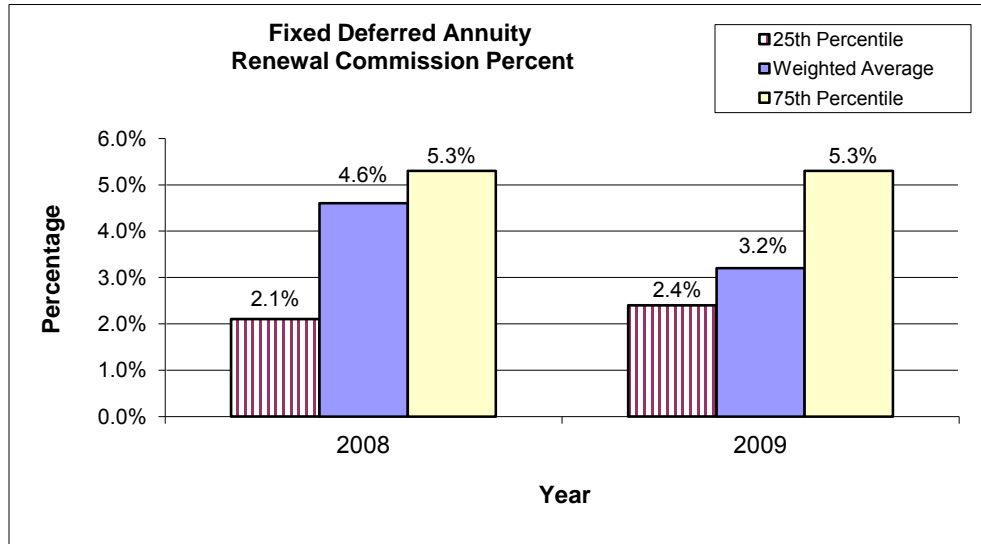
**Graph 25—Comparison of 2008 & 2009 Results
Based on only Companies Contributing in both 2008 & 2009
Acquisition—All Distribution Systems Combined
First Year/Single Premium Commission Percent**



**Graph 26—Comparison of 2008 & 2009 Results
Based on only Companies Contributing in both 2008 & 2009
Non-acquisition—All Distribution Systems Combined
Per Policy Inforce**



**Graph 27—Comparison of 2008 & 2009 Results
Based on only Companies Contributing in both 2008 & 2009
Acquisition—All Distribution Systems Combined
Renewal Commission Percent**



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

Table 17

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	\$ 551	93%	93%	\$2.13
Permanent	\$ 974	22%	66%	\$10.20
Variable	\$ 2,852	61%	102%	\$11.66

Annuity Products

Product	Per Policy Index	Per Premium Index
Deferred	\$ 950	1.9%
Immediate	\$ 918	1.9%
Variable Deferred	\$ 3,883	7.2%

Note: See Section 3 for Index Formulas.