

2010 Individual Life and Annuity Expense Study

Summary Report

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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 tenth expense study—the 2010 SOA Individual Life and Annuity Expense Study.

The Committee distributed a call to life insurance companies in spring 2011 for contributions of 2010 calendar year expense data. Contributions of individual life and annuity expense data were received from 13 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 2009 and 2010 Per Policy Index Unit Costs For Companies Contributing to both 2009 and 2010 Studies

Products		Year	No. of Companies	First Year*			Inforce#		
				25% Percentile	Weighted Average**	75% Percentile	25% Percentile	Weighted Average	75% Percentile
Life	Term	2009	9	\$600	\$703	\$787	\$58	\$70	\$84
		2010	9	547	685	872	58	67	83
	Permanent	2009	10	504	813	1,658	46	42	92
		2010	10	580	811	1,341	46	43	80
	Variable	2009	4	3,289	3,701	4,805	153	175	223
		2010	4	4,582	4,925	4,592	121	168	200
Annuities	Fixed	2009	10	\$497	\$867	\$1,654	\$76	\$101	\$154
	Deferred	2010	10	641	788	1,269	68	93	133
	Fixed	2009	7	500	1,210	3,553	71	84	129
	Immediate	2010	7	1,283	1,350	2,359	73	86	115
	Variable	2009	5	476	3,071	2,607	157	168	231
	Deferred	2010	5	724	4,002	2,621	155	188	203

*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 14.

It should be noted that changes in results between studies arise from both expenses and corresponding units, especially new business units, as seen by the relatively large differences and variations in first year unit expenses. Also note that overhead represents

a significant portion of non-acquisition expenses, as can be seen in Tables 8 and 15. The results are also impacted by the relatively low number of contributors with Variable products.

This is the first year that investment expenses have been analyzed and are shown in Table 17. Investment expenses average approximately 10 basis points for General Accounts.

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 can 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 2011 study, which is expected to 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 0.6% of total expenses for life insurance and 1.4% 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 13 companies (listed in Section 4) that contributed data to the 2010 study had \$2.1 B of life insurance expenses, \$8.6 B of life insurance premium, \$1.0 B of annuity expenses and \$10.4 B of annuity premium. As compared to total industry in the United States, these amounts constitute approximately 7.4% of individual life insurance premium and 5.0% of individual annuity premium.

For the 2010 study, 10 of the 13 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 for Universal Life policies are shown in Table 2UL.

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 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	\$ 383.1 M	\$ 7.3 M
Dump-in Commissions	\$ 14.5 M (3.8% of dump-ins)	\$ 0.0 M (0.0%)
First Year Premiums*	\$ 0.8 B	\$ 14.8 M
First Year Commissions*	\$ 337.3 M (42.1% of 1 st year premiums)	\$ 6.8 M (45.9%)

*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.

- 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 provide 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.

Investment Expense

Investment Expense (see Table 17) = (Investment Expenses / Average Invested Assets)

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 16) = (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 16) = (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 16) = (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

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

Investment Expenses

This is the first year that investment expenses have been analyzed and are shown in Table 17. Investment expenses averaged approximately 10 basis points for General Accounts. This is based upon total investment expense of approximately \$129 M and average assets of approximately \$133 B.

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 2009 and 2010 Results

The graphs comparing 2009 and 2010 results are based only on companies that appeared in both the 2009 and 2010 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 14.

Although the 2009 and 2010 comparison results are based only on companies that contributed data for both years, significant variation in unit costs between 2009 and 2010 were observed for several individual contributors. This is the primary underlying cause for the substantial changes in some aggregate unit costs from 2009 to 2010 that are shown in Tables 7 and 14.

To highlight the variability that was observed, Tables 7 and 14 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 2009 and 2010 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 2009 to 2010 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, especially with Variable products, the results should be viewed with caution.

Section 6: Results Tables and Graphs

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Life and Annuity Products

Table 16—Per Policy Index Comparison Table

Table 17—Investment Expenses

2010 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 1

Term Life Insurance

TOTAL

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	\$146	\$0.75	34.3%	\$500	53.8%	N/A	3.6%
Unweighted Average	\$256	\$0.70	43.8%	\$747	75.3%	N/A	2.9%
Median	\$251	\$0.73	32.8%	\$646	78.7%	N/A	3.4%
25th Percentile	\$138	\$0.68	23.8%	\$526	37.6%	N/A	1.3%
75th Percentile	\$279	\$0.78	52.6%	\$840	100.4%	N/A	4.2%

TOTAL

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	\$52	2.0%	\$446	\$215	\$199
Unweighted Average	\$74	1.7%	\$488	\$293	\$222
Median	\$67	1.9%	\$321	\$245	\$203
25th Percentile	\$56	0.4%	\$207	\$207	\$171
75th Percentile	\$80	2.7%	\$475	\$388	\$272

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

2010 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 2

Permanent Life Insurance

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	\$151	\$1.96	32.5%	\$634	72.1%	3.7%	3.3%
Unweighted Average	\$250	\$1.72	45.8%	\$1,162	95.1%	3.1%	3.2%
Median	\$158	\$1.45	46.6%	\$652	109.0%	3.0%	3.2%
25th Percentile	\$99	\$0.93	21.9%	\$563	69.4%	0.4%	2.1%
75th Percentile	\$218	\$1.64	59.0%	\$1,278	127.1%	5.2%	4.5%

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	\$44	1.3%	\$202	\$61	\$47
Unweighted Average	\$64	1.5%	\$188	\$104	\$63
Median	\$65	1.7%	\$164	\$63	\$50
25th Percentile	\$43	1.0%	\$104	\$53	\$38
75th Percentile	\$76	2.1%	\$216	\$117	\$73

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

2010 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 2UL

Permanent Life Insurance - Universal Life

TOTAL

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	\$177	\$1.52	28.5%	\$863	62.0%	5.2%	3.3%
Unweighted Average	\$321	\$1.30	50.3%	\$1,652	86.7%	3.8%	2.9%
Median	\$243	\$1.37	43.6%	\$964	81.6%	3.3%	2.6%
25th Percentile	\$148	\$1.08	19.4%	\$751	61.1%	0.0%	1.9%
75th Percentile	\$333	\$1.56	55.5%	\$1,870	116.7%	5.4%	4.1%

TOTAL

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	\$49	1.4%	\$188	\$101
Unweighted Average	\$62	1.3%	\$242	\$140	\$99
Median	\$65	1.7%	\$205	\$108	\$85
25th Percentile	\$45	0.4%	\$111	\$78	\$69
75th Percentile	\$73	1.8%	\$346	\$194	\$111

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

2010 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 3

Variable Life Insurance

TOTAL

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	\$900	\$3.16	93.9%	\$5,294	90.3%	0.0%	2.9%
Unweighted Average	\$756	\$2.50	95.8%	\$4,587	70.9%	0.0%	4.4%
Median	\$756	\$2.50	91.7%	\$4,587	46.4%	0.0%	3.2%

TOTAL

Number of Companies = 5

	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	\$144	1.4%	\$268	\$287	\$178
Unweighted Average	\$160	1.8%	\$362	\$300	\$173
Median	\$125	2.1%	\$274	\$300	\$166

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

**2010 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY
TABLE 4 -- WEIGHTED AVERAGES -- INDIVIDUAL LIFE PRODUCTS**

TOTAL

	Number of Companies	Acquisition				Commission Percent		
		Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Term Life	10	\$146	\$0.75	34.3%	\$500	53.8%	N/A	3.6%
Permanent Life	12	\$151	\$1.96	32.5%	\$634	72.1%	3.7%	3.3%
Variable Life	5	\$900	\$3.16	93.9%	\$5,294	90.3%	0.0%	2.9%
TOTAL	13	\$150	\$1.05	33.7%	\$582	65.7%	3.6%	3.4%

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	10	\$52	2.0%	\$446	\$215	\$199
Permanent Life	12	\$44	1.3%	\$202	\$61	\$47
Variable Life	5	\$144	1.4%	\$268	\$287	\$178
TOTAL	13	\$47	1.5%	\$223	\$134	\$90

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

2010 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 5

Term Life Insurance

MEDIUM SIZED COMPANIES - TOTAL

Number of Companies = 7

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$221	\$0.77	33.2%	\$632	95.6%	N/A	2.2%
Unweighted Average	\$291	\$0.74	39.6%	\$782	84.3%	N/A	2.5%
Median	\$256	\$0.74	25.7%	\$680	86.5%	N/A	3.3%
25th Percentile	\$206	\$0.70	22.9%	\$579	60.0%	N/A	0.9%
75th Percentile	\$272	\$0.80	49.8%	\$808	103.2%	N/A	3.6%

MEDIUM SIZED COMPANIES - TOTAL

Number of Companies = 7

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	2.1%	\$367	\$245	\$236
Unweighted Average	\$70	1.7%	\$591	\$310	\$236
Median	\$71	1.7%	\$371	\$245	\$242
25th Percentile	\$60	0.8%	\$246	\$196	\$163
75th Percentile	\$78	2.6%	\$446	\$444	\$307

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

2010 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 6

Permanent Life Insurance

MEDIUM SIZED COMPANIES - TOTAL

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	\$161	\$1.81	40.5%	\$754	118.7%	5.4%	3.2%
Unweighted Average	\$293	\$1.84	50.3%	\$1,323	107.4%	3.7%	3.2%
Median	\$182	\$1.45	49.3%	\$659	118.4%	4.3%	2.9%
25th Percentile	\$103	\$1.09	22.5%	\$613	87.5%	2.3%	2.1%
75th Percentile	\$250	\$1.58	59.7%	\$1,372	132.9%	5.7%	3.8%

MEDIUM SIZED COMPANIES - TOTAL

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	\$53	1.5%	\$119	\$65	\$44
Unweighted Average	\$66	1.4%	\$170	\$116	\$68
Median	\$68	1.6%	\$180	\$64	\$58
25th Percentile	\$55	1.3%	\$105	\$48	\$33
75th Percentile	\$74	2.0%	\$209	\$196	\$90

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

2010 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 7

Life Products - Comparison of 2009 and 2010 Unit Costs for Companies Contributing in both 2009 and 2010

Term Life Insurance

Number of Contributing Companies = 9

	Acquisition		Commission Percent						Non-acquisition	
	Per Policy Index		First Year		Single Premium		Renewal		Per Policy Inforce	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Weighted Average	\$703	\$685	87.8%	87.0%	NA	NA	2.2%	2.3%	\$70	\$67
25th Percentile	\$600	\$547	31.9%	49.2%	NA	NA	1.4%	1.0%	\$58	\$58
75th Percentile	\$787	\$872	93.0%	100.7%	NA	NA	3.7%	3.6%	\$84	\$83
25th Percentile Difference		-10%		-1%		NA		-7%		-6%
75th Percentile Difference		11%		12%		NA		1%		5%

Permanent Life Insurance

Number of Contributing Companies = 10

	Acquisition		Commission Percent						Non-acquisition	
	Per Policy Index		First Year		Single Premium		Renewal		Per Policy Inforce	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Weighted Average	\$813	\$811	101.8%	105.4%	5.4%	5.0%	2.4%	2.2%	\$42	\$43
25th Percentile	\$504	\$580	66.3%	78.7%	3.0%	2.9%	1.8%	1.9%	\$46	\$46
75th Percentile	\$1,658	\$1,341	133.3%	131.0%	6.9%	5.5%	4.5%	4.2%	\$92	\$80
25th Percentile Difference		-12%		-11%		-17%		-6%		-6%
75th Percentile Difference		13%		13%		3%		8%		5%

Variable Life Insurance

Number of Contributing Companies = 4

	Acquisition		Commission Percent						Non-acquisition	
	Per Policy Index		First Year		Single Premium		Renewal		Per Policy Inforce	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Weighted Average	\$3,701	\$4,925	78.6%	114.4%	0.6%	0.0%	2.3%	2.4%	\$175	\$168

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

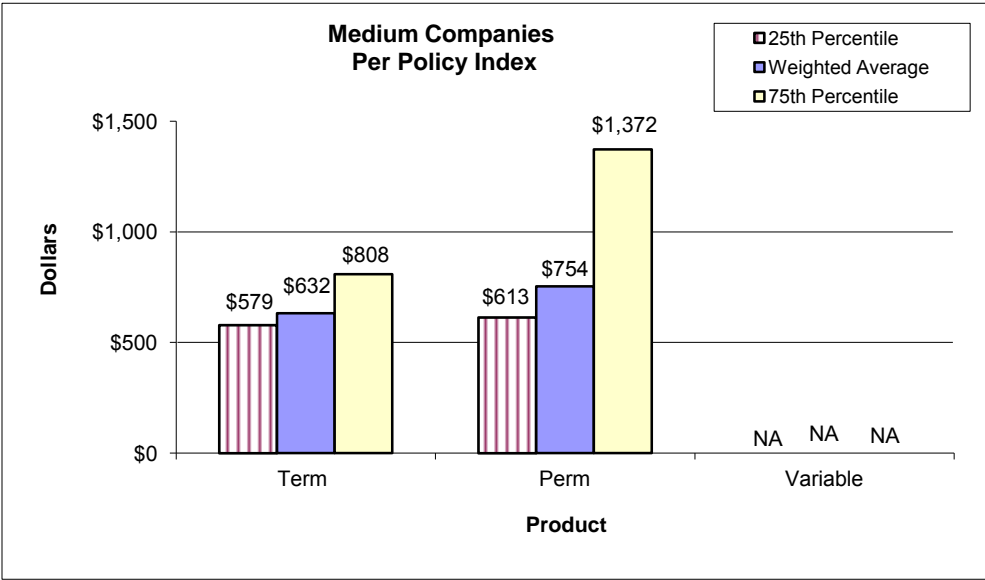
2010 SOA Expense Study
Table 8 - Total Expense Units - All Companies

	Life Products							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
A. New Business - Direct								
1. Policies / Contracts Issued	125,037	129,196	38,519	601,885	0	79,237	0	973,874
2. Volume Issued (Round to 1000s)	19,384,719	14,287,761	11,516,134	81,872,633	0	3,680,069	0	130,741,316
3. First Year Premium Collected	274,086,814	173,342,383	184,591,749	434,500,312	0	35,928,815	0	1,102,450,073
a. UL and VUL Dump-in Included in A-3	177,526,429	67,433,420	106,824,868	38,370,500	0	235,227	0	390,390,444
4. Single Premium Collected	491,497,971	21,762,945	5,936,438	280,330,113	0	416,861,633	0	1,216,389,100
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	291,056,001	21,762,945	1,491,142	0	0	28,470,190	0	342,780,278
B. Inforce - Direct - Current Year								
1. Policies / Contracts	3,801,635	770,281	836,883	7,375,458	0	1,724,769	0	14,509,026
2. Volume (Round to 1000s)	298,092,003	127,645,930	132,706,022	729,876,081	0	34,852,095	0	1,323,172,130
3. Renewal Premium Collected	1,664,306,566	437,966,374	639,480,843	3,202,831,676	0	296,670,422	0	6,241,255,881
4. Reserves or Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	68,293,607,624	68,293,607,624
C. Inforce - Direct - Previous Year								
1. Policies / Contracts	3,867,990	713,887	851,250	7,343,060	-	1,754,143	-	14,530,330
2. Volume (Round to 1000s)	294,453,268	125,357,253	131,095,677	707,884,504	-	34,692,195	-	1,293,482,897
3. Renewal Premium Collected	1,652,911,116	418,054,455	635,185,092	3,098,969,888	-	296,935,335	-	6,102,055,886
4. Reserves or Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	65,960,849,980	65,960,849,980
D. Claims/Contracts								
1. Number of Claims	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	108,669	108,669
2. Number of Surrenders/Lapses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	763,225	763,225

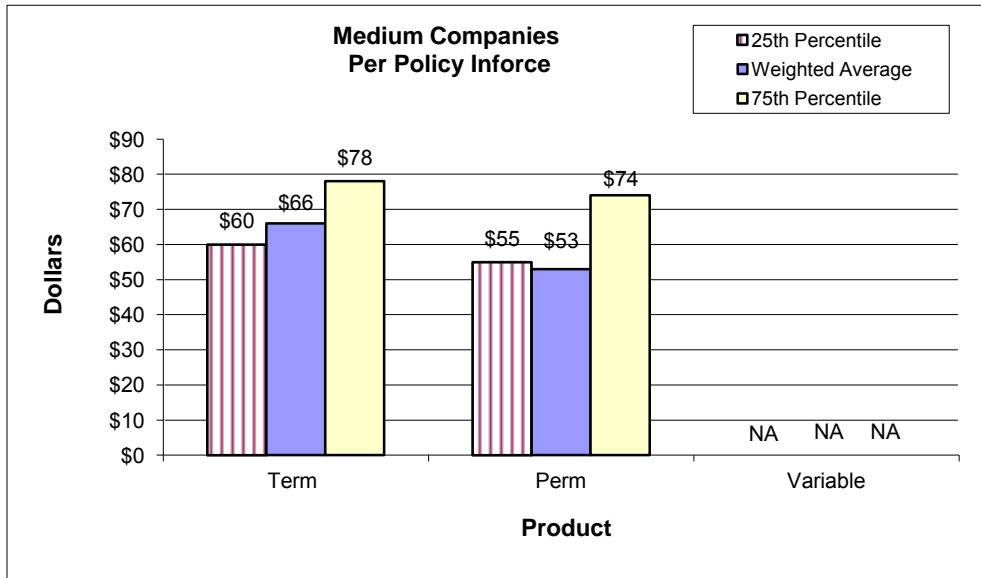
2010 SOA Expense Study
Table 8 - Total Expenses - All Companies

Function	Life Products							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
E. Commissions Paid								
1. First Year Commissions	44,307,447	146,296,544	100,442,228	146,069,441	0	45,162,085	0	482,277,745
a. UL and VUL Dump-in Included in F-1	5,087,466	3,371,671	6,007,841	0	0	0	0	14,466,978
2. Single Commissions	6,760,707	331,622	491,244	1,083,168	0	22,951,296	0	31,618,037
a. UL and VUL Dump-in Included in F-2	0	0	0	0	0	0	0	0
3. Renewal Commissions	25,682,247	8,116,154	18,135,669	143,197,177	0	14,816,641	0	209,947,888
F. Other Acquisition Expenses Paid								
1. Sales / Marketing	83,114,070	17,348,875	13,691,458	66,426,854	0	40,406,266	0	220,987,522
2. Underwriting - Inspection Reports and Medical Exams	7,454,358	10,609,684	6,271,866	49,737,979	0	2,422,517	0	76,496,403
3. Underwriting - All Other	10,685,394	6,698,958	4,124,898	29,696,569	0	3,102,678	0	54,308,497
4. Policy / Contract Issue	7,691,533	9,494,236	3,470,046	8,075,615	0	1,920,977	0	30,652,407
5. Product Development	8,653,863	3,474,917	3,458,839	4,689,341	0	1,554,370	0	21,831,330
6. Other Acquisition - Please list								
a.	12,138,222	26,782,253	1,842,083	52,836,229	0	0	0	93,598,787
b.	0	454,971	271,256	52,650,340	0	0	0	53,376,567
c.	0	2,740,446	2,397,096	0	0	0	0	5,137,542
d.	0	4,997,108	4,960,902	0	0	0	0	9,958,010
G. Other Expenses Paid								
1. Benefit Department(s) / Claim Settlement Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	24,277,404	24,277,404
2. Policyowner Services	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	138,220,161	138,220,161
3. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	12,771,874	12,771,874
4. Significant Non-recurring Expenses (specify)								
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	12,528,840	12,528,840
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	752,981	752,981
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	212,546	212,546
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	469,969,199	469,969,199
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	49,182,484	49,182,484
7. Other non-overhead								
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	18,741,546	18,741,546
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	6,216,966	6,216,966
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	17,135,409	17,135,409
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	10,142,403	10,142,403
H. Premium Tax & Guar Assoc Assessments								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	127,227,231	127,227,231
I. Total Expenses								
	206,487,840	237,345,768	159,557,586	554,462,713	0	132,336,830	838,196,562	2,128,387,298

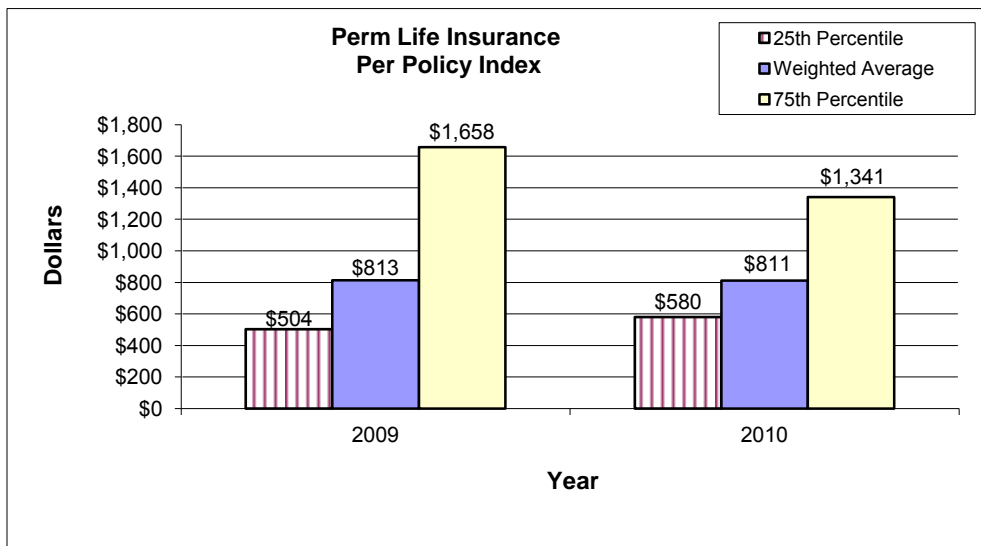
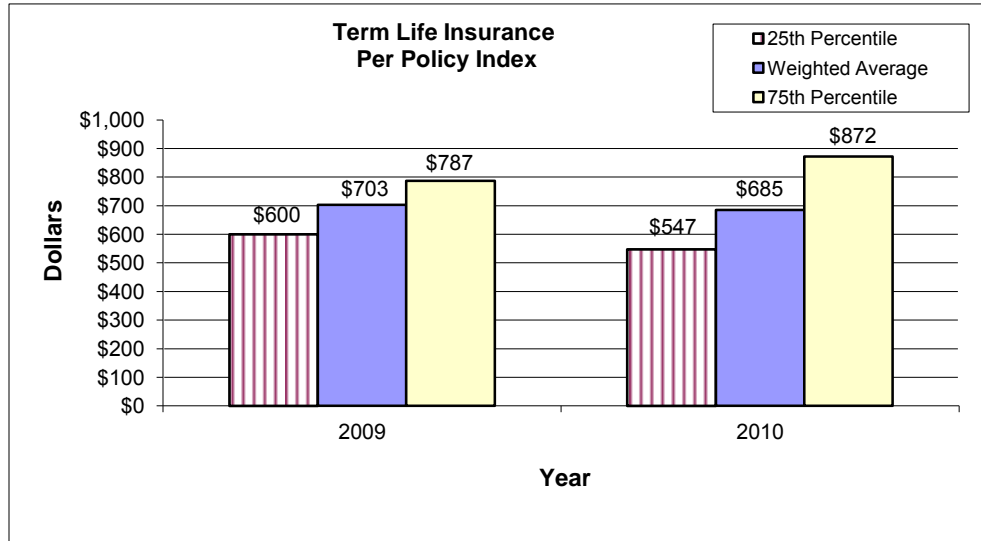
2010 Life Products
Graph 1—Acquisition Expense—All Distribution Systems Combined
Per Policy Index



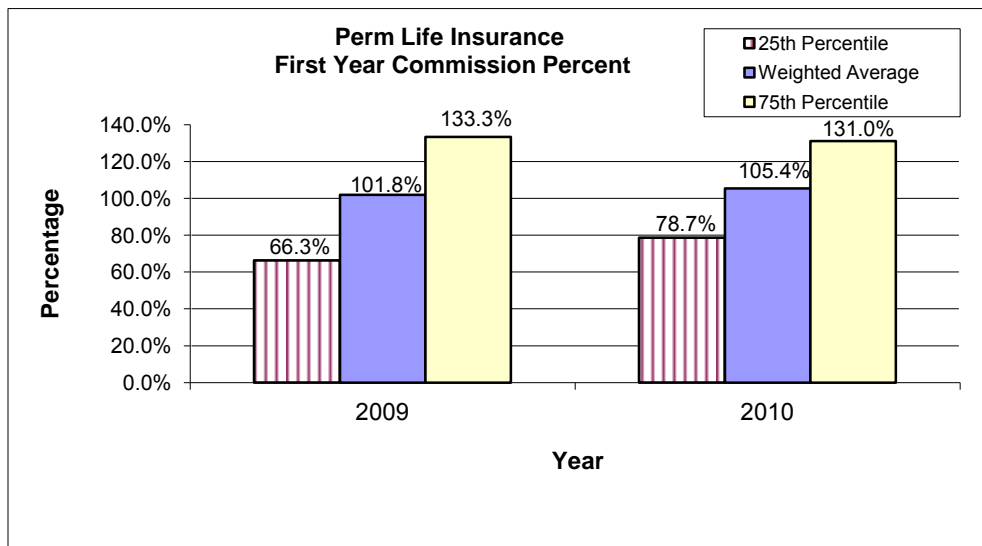
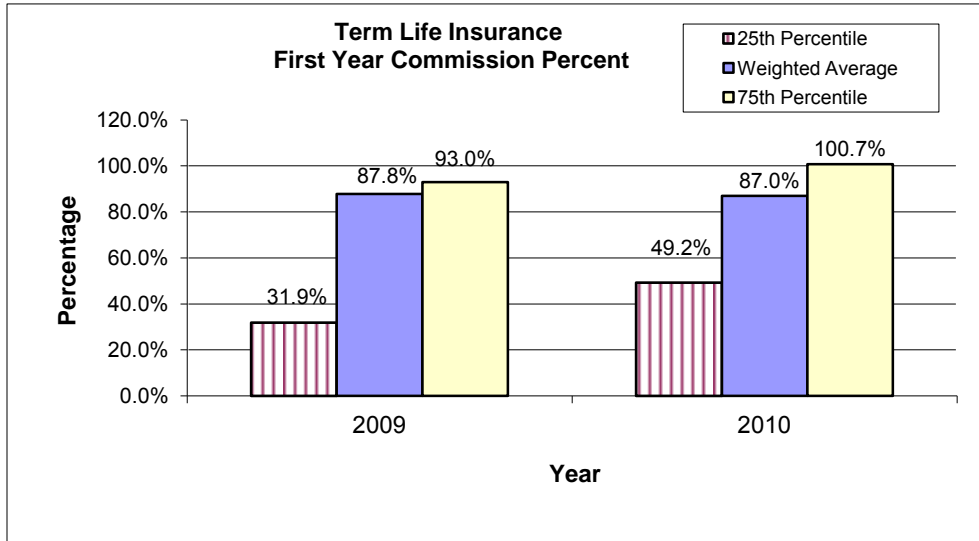
2010 Life Products
Graph 2—Non-acquisition Expense—All Distribution Systems Combined
Per Policy Inforce



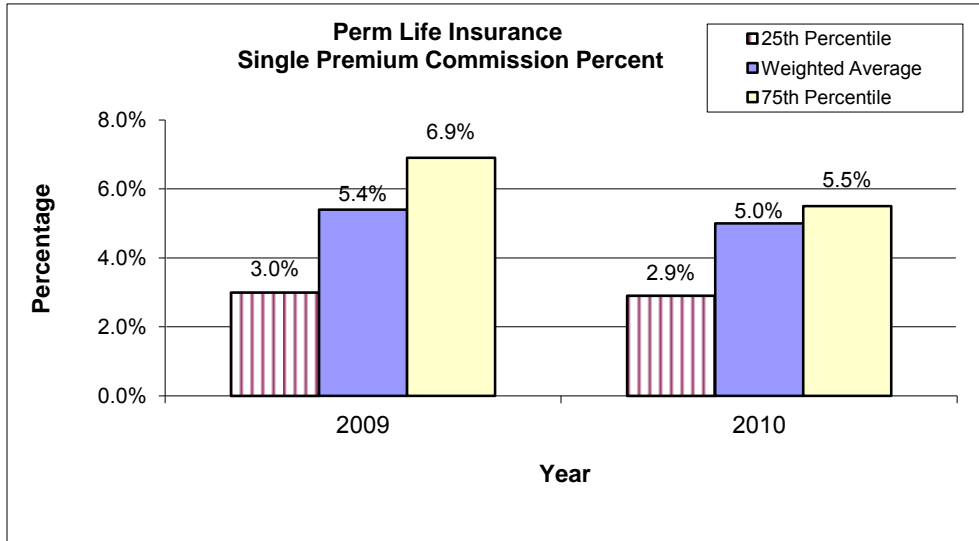
**Graph 3—Comparison of 2009 & 2010 Results
Based on only Companies Contributing in both 2009 & 2010
Acquisition—All Distribution Systems Combined
Per Policy Index**



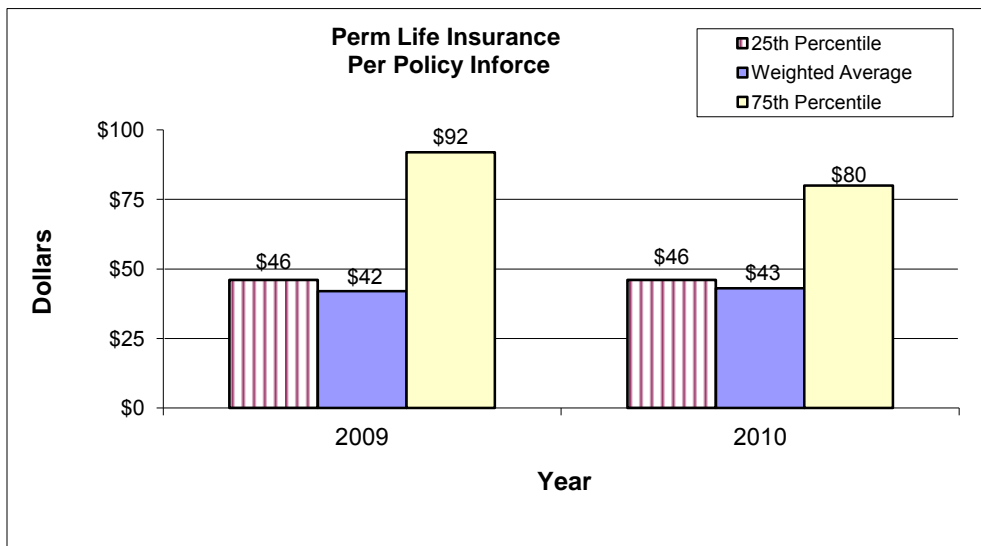
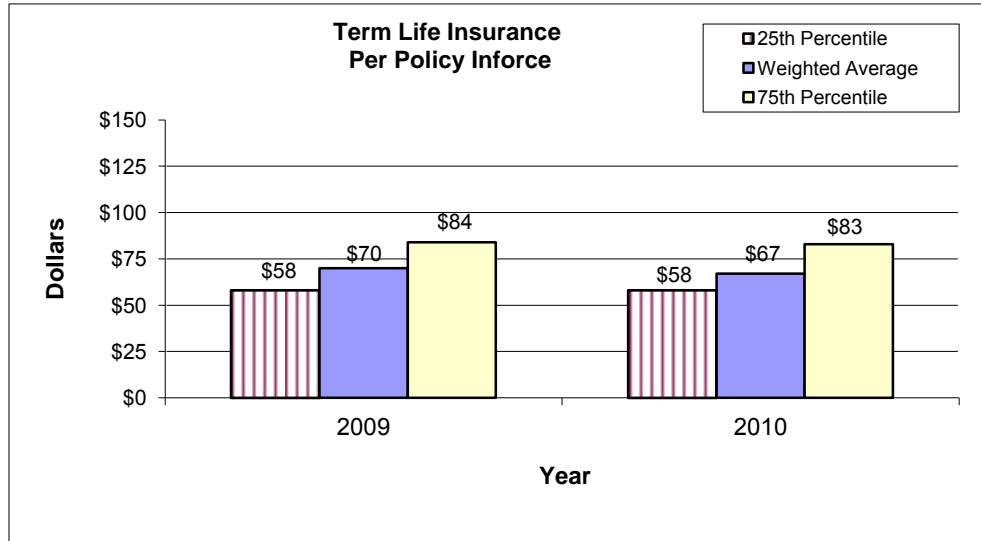
**Graph 4—Comparison of 2009 & 2010 Results
Based on only Companies Contributing in both 2009 & 2010
Acquisition—All Distribution Systems Combined
First Year Commission Percent**



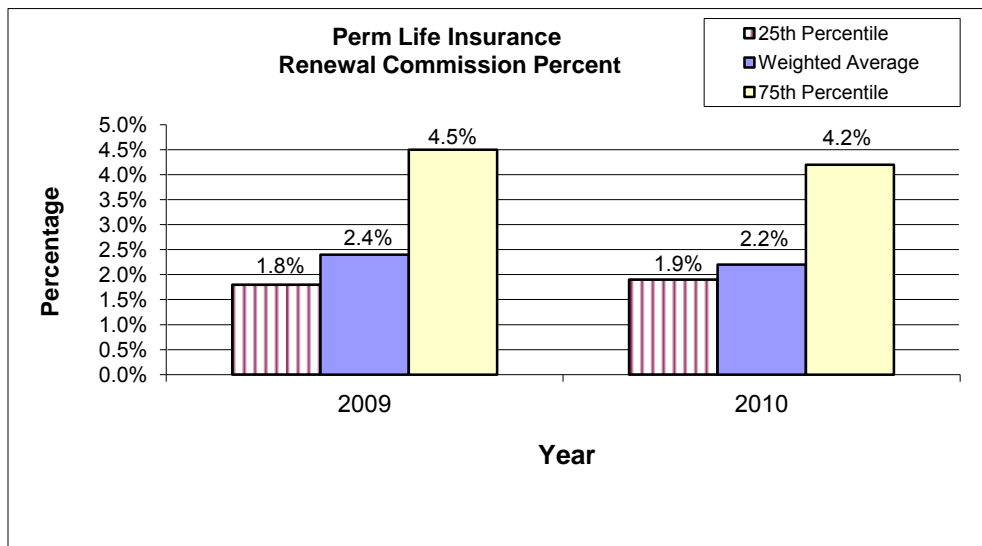
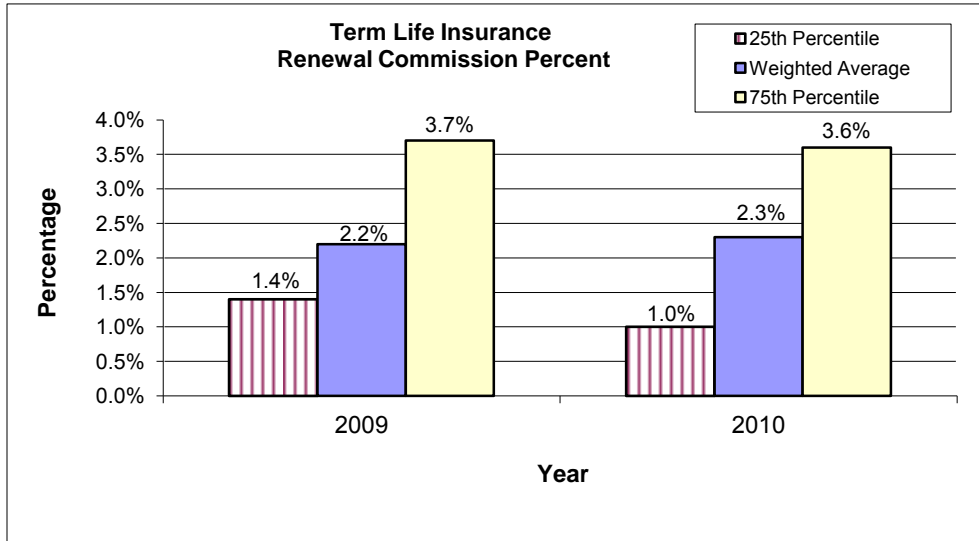
**Graph 5—Comparison of 2009 & 2010 Results
Based on only Companies Contributing in both 2009 & 2010
Acquisition—All Distribution Systems Combined
Single Premium Commission Percent**



**Graph 6—Comparison of 2009 & 2010 Results
Based on only Companies Contributing in both 2009 & 2010
Non-acquisition—All Distribution Systems Combined
Per Policy Inforce**



**Graph 7—Comparison of 2009 & 2010 Results
Based on only Companies Contributing in both 2009 & 2010
Acquisition—All Distribution Systems Combined
Renewal Commission Percent**



2010 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 9

Fixed 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	\$278	3.9%	\$1,721	3.9%	1.4%
Unweighted Average	\$406	3.2%	\$1,088	5.1%	2.6%
Median	\$364	3.4%	\$933	4.0%	2.4%

BROKERAGE

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	\$177	0.3%	\$358	8.3%	3.7%
Unweighted Average	\$310	1.5%	\$613	7.9%	3.3%
Median	\$292	0.8%	\$626	8.4%	3.7%

TOTAL

Number of Companies =12

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$226	1.1%	\$783	7.1%	2.8%
Unweighted Average	\$330	2.2%	\$1,144	6.0%	3.6%
Median	\$299	1.2%	\$978	4.9%	3.0%
25th Percentile	\$178	0.7%	\$669	4.2%	1.9%
75th Percentile	\$448	3.6%	\$1,237	8.7%	4.9%

TOTAL

Number of Companies =12

	Non-Acquisition All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$87	\$52	\$14	0.1%	\$40,467
Unweighted Average	\$89	\$80	\$97	0.1%	\$37,475
Median	\$89	\$19	\$41	0.1%	\$33,018
25th Percentile	\$62	\$0	\$10	0.0%	\$22,478
75th Percentile	\$119	\$51	\$104	0.2%	\$54,922

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

2010 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 10

Fixed Immediate Annuity

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	\$164	1.7%	\$1,309	1.7%	N/A
Unweighted Average	\$334	1.7%	\$1,354	4.6%	N/A
Median	\$370	1.4%	\$1,283	3.6%	N/A
25th Percentile	\$163	0.7%	\$648	3.1%	N/A
75th Percentile	\$436	2.2%	\$1,696	5.0%	N/A

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 Reserve Amount
Weighted Average	\$84	\$0	\$1	0.0%	\$40,148
Unweighted Average	\$72	\$0	\$6	0.1%	\$126,928
Median	\$90	\$0	\$2	0.1%	\$39,101
25th Percentile	\$64	\$0	\$0	0.0%	\$37,915
75th Percentile	\$96	\$0	\$8	0.1%	\$60,714

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

2010 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 11

Variable Deferred Annuity

TOTAL

Number of Companies =5

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$476	5.5%	\$4,002	3.9%	3.0%
Unweighted Average	\$357	9.8%	\$2,045	5.2%	6.1%
Median	\$339	6.0%	\$1,299	4.3%	3.0%

TOTAL

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	\$188	\$8	\$0	0.0%	\$38,572
Unweighted Average	\$192	\$11	\$20	0.2%	\$32,247
Median	\$183	\$5	\$20	0.1%	\$25,933

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

**2010 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	5	\$278	3.9%	\$1,721	3.9%	1.4%
TOTAL	6	\$317	4.0%	\$2,551	3.0%	2.0%

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	5	\$177	0.3%	\$358	8.3%	3.7%
TOTAL	6	\$188	0.3%	\$382	8.2%	3.4%

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	12	\$226	1.1%	\$783	7.1%	2.8%
Fixed Immediate Annuity	9	\$164	1.7%	\$1,309	1.7%	N/A
Variable Deferred Annuity	5	\$476	5.5%	\$4,002	3.9%	3.0%
TOTAL	13	\$263	2.1%	\$1,434	5.6%	2.9%

TOTAL

Non-Acquisition - All Distribution Systems Combined

	Number of Companies	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance or Reserve
		Fixed Deferred Annuity	12	\$87	\$52	\$14
Fixed Immediate Annuity	9	\$84	\$0	\$1	0.0%	\$40,148
Variable Deferred Annuity	5	\$188	\$8	\$0	0.0%	\$38,572
TOTAL	13	\$111	\$37	\$6	0.1%	\$39,995

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 - TOTAL

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	\$499	1.5%	\$1,055	5.2%	3.2%
Unweighted Average	\$474	2.2%	\$1,083	5.2%	3.7%

SMALL SIZED COMPANIES - TOTAL

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	\$101	\$130	\$381	0.1%	\$31,774
Unweighted Average	\$97	\$152	\$104	0.2%	\$32,711

MEDIUM SIZED COMPANIES - TOTAL

Number of Companies = 5

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$226	1.3%	\$746	5.5%	2.4%
Unweighted Average	\$295	2.2%	\$973	6.2%	3.1%
Median	\$350	1.0%	\$845	4.9%	2.3%

MEDIUM SIZED COMPANIES - TOTAL

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	\$67	\$100	\$42	0.1%	\$30,942
Unweighted Average	\$94	\$70	\$118	0.1%	\$32,290
Median	\$86	\$38	\$30	0.1%	\$23,073

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

2010 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY
Table 14

Annuity Products - Comparison of 2009 and 2010 Unit Costs
for Companies Contributing in both 2009 and 2010

Fixed Deferred Annuity								
Number of Companies Contributing = 10								
	Acquisition		Commission Percent				Non-acquisition	
	Per Policy Index		First Year/Single Premium		Renewal		Per Policy Inforce	
	2009	2010	2009	2010	2009	2010	2009	2010
Weighted Average	\$867	\$788	6.8%	7.4%	3.3%	3.0%	\$101	\$93
25th Percentile	\$497	\$641	3.7%	4.4%	2.7%	2.1%	\$76	\$68
75th Percentile	\$1,654	\$1,269	7.8%	8.9%	6.2%	5.5%	\$154	\$133
25th Percentile Difference		-9%		-1%		-39%		-16%
75th Percentile Difference		42%		18%		-8%		4%

Fixed Immediate Annuity								
Number of Companies Contributing = 7								
	Acquisition		Commission Percent				Non-acquisition	
	Per Policy Index		First Year/Single Premium		Renewal		Per Policy Inforce	
	2009	2010	2009	2010	2009	2010	2009	2010
Weighted Average	\$1,210	\$1,350	1.7%	1.6%	NA	NA	\$84	\$86
25th Percentile	\$500	\$1,283	3.6%	3.2%	NA	NA	\$71	\$73
75th Percentile	\$3,553	\$2,359	9.6%	6.7%	NA	NA	\$129	\$115
25th Percentile Difference		-28%		-11%		NA		-20%
75th Percentile Difference		126%		-5%		NA		3%

Variable Deferred Annuity								
Number of Companies Contributing = 5								
	Acquisition		Commission Percent				Non-acquisition	
	Per Policy Index		First Year/Single Premium		Renewal		Per Policy Inforce	
	2009	2010	2009	2010	2009	2010	2009	2010
Weighted Average	\$3,071	\$4,002	3.9%	3.9%	3.4%	3.0%	\$168	\$188

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

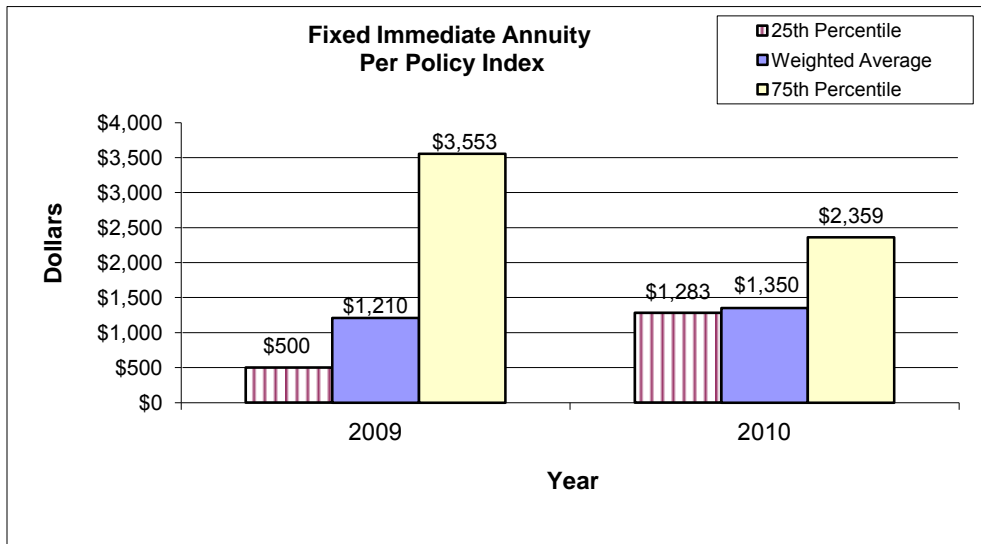
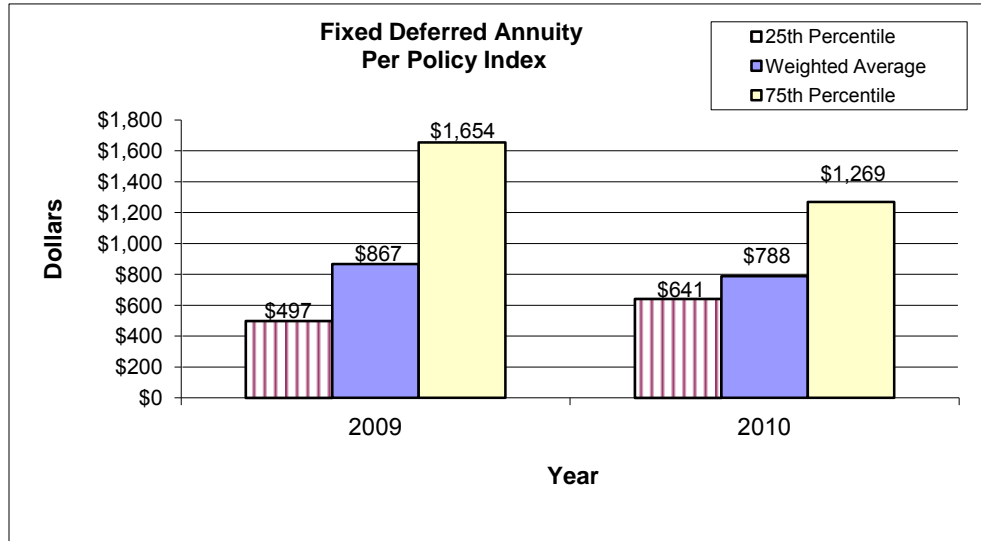
2010 SOA Expense Study
Table 15 - Total Expense Units - All Companies

	Annuity Products							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
A. New Business - Direct								
1. Policies / Contracts Issued	71,474	49,649	1,262	72	0	34,189	0	156,646
2. First Year Premium Collected	754,300,727	1,726,539,109	8,960	0	0	1,891,184,464	0	4,372,033,260
3. Single Premium Collected	3,192,613,024	1,171,798,774	69,697,537	14,047,042	0	68,590,510	0	4,516,746,887
B. Inforce - Direct - Current Year								
1. Policies / Contracts	1,202,260	392,136	11,955	1,620	0	424,435	0	2,032,406
2. Volume (not applicable to annuities)	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
3. Renewal Premium Collected	1,216,221,891	87,328,120	1,802,174	0	0	223,215,201	0	1,528,567,386
4. Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	84,346,993,245	84,346,993,245
C. Inforce - Direct - Previous Year								
1. Policies / Contracts	1,204,726	366,086	11,291	1,655	0	414,048	0	1,997,806
2. Renewal Premium Collected	1,064,804,349	55,465,236	1,356,683	0	0	176,200,478	0	1,297,826,747
3. Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	76,892,220,741	76,892,220,741
D. Claims/Contracts								
1. Number of Surrenders/Lapses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	107,497	107,497
2. Number of Annuity Contracts on which a Periodic Payment was made	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	639,503	639,503

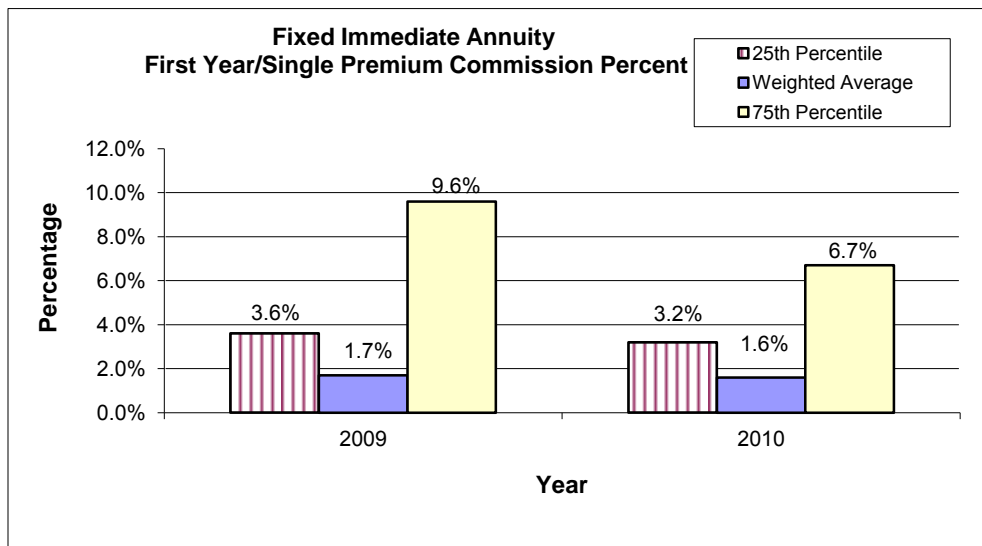
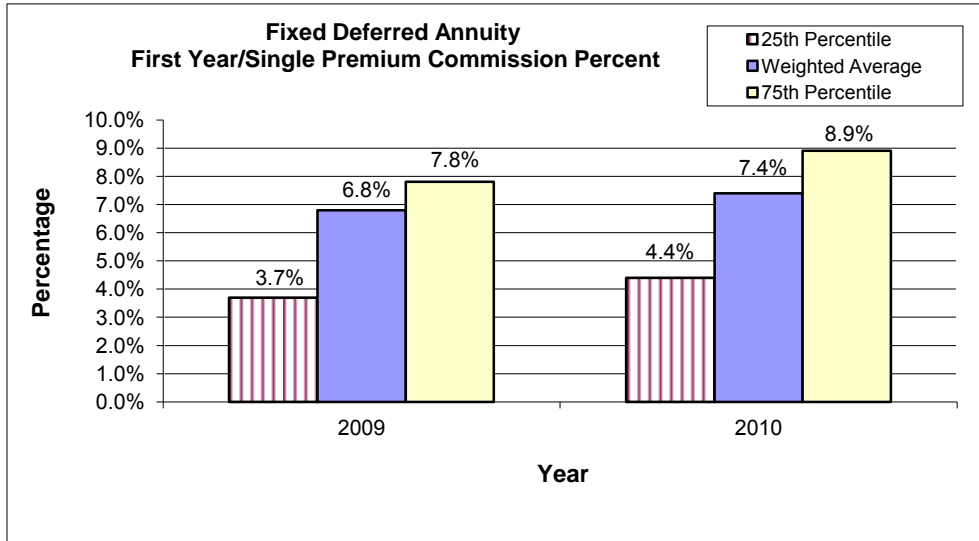
2010 SOA Expense Study
Table 15 - Total Expenses - All Companies

Function	Annuity Products							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
E. Commissions Paid								
1. First Year Commissions	66,579,336	173,734,517	0	0	0	135,079,023	0	375,392,875
2. Single Commissions	51,417,845	64,847,037	3,313,605	691,664	0	4,150,263	0	124,420,413
3. Renewal Commissions	24,887,964	2,959,365	113,288	0	0	16,617,631	0	44,578,248
F. Acquisition / Developmental Expenses Paid								
1. Sales / Marketing	150,821,874	7,149,747	481,699	440,578	0	10,326,999	0	169,220,897
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	4,871,761	4,339,338	240,813	35,168	0	3,263,514	0	12,750,593
5. Product Development	2,882,801	1,197,376	591,743	24,205	0	1,347,741	0	6,043,866
6. Other Acquisition - Please list								
a.	20,786,123	2,467,079	0	0	0	1,278,309	0	24,531,511
b.	2,980,911	1,096,320	0	0	0	551,427	0	4,628,658
c.	0	312,406	0	0	0	514,871	0	827,277
d.	0	2,396,732	0	0	0	4,262,863	0	6,659,595
G. Other Expenses Paid								
1. Benefit Department(s) / Claim Settlement Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	4,096,242	4,096,242
2. Policyowner Services	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	13,386,936	13,386,936
3. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	3,967,569	3,967,569
4. Significant Non-recurring Expenses (specify)								
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	14,066,738	14,066,738
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	34,869	34,869
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	9,843	9,843
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	181,059,524	181,059,524
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	50,887,561	50,887,561
7. Other non-overhead								
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	10,231,148	10,231,148
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	968,902	968,902
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	2,032,302	2,032,302
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	952,257	952,257
H. Premium Tax & Guar Assoc Assessments								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	6,909,649	6,909,649
I. Total Expenses								
	325,228,615	260,499,918	4,741,147	1,191,615	0	177,392,639	237,715,979	1,006,769,912

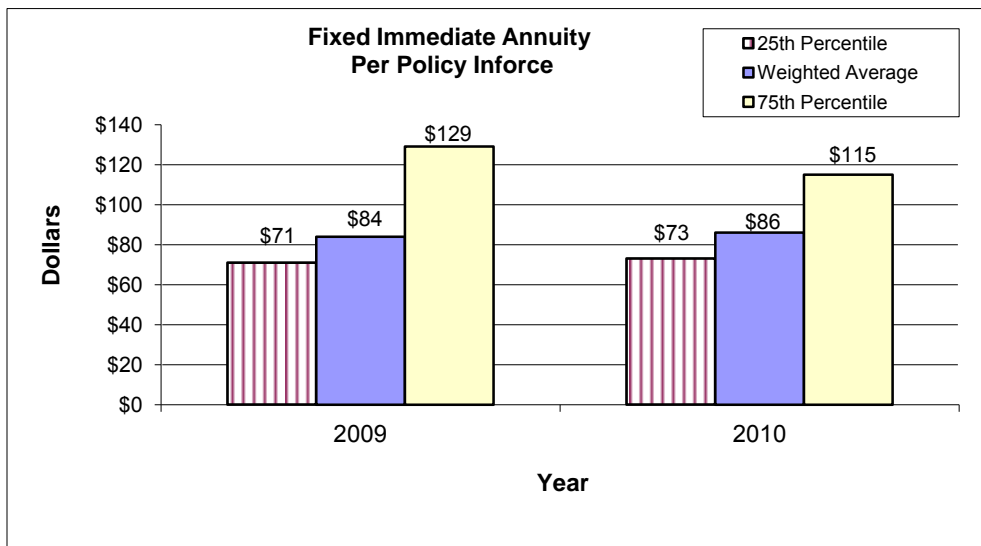
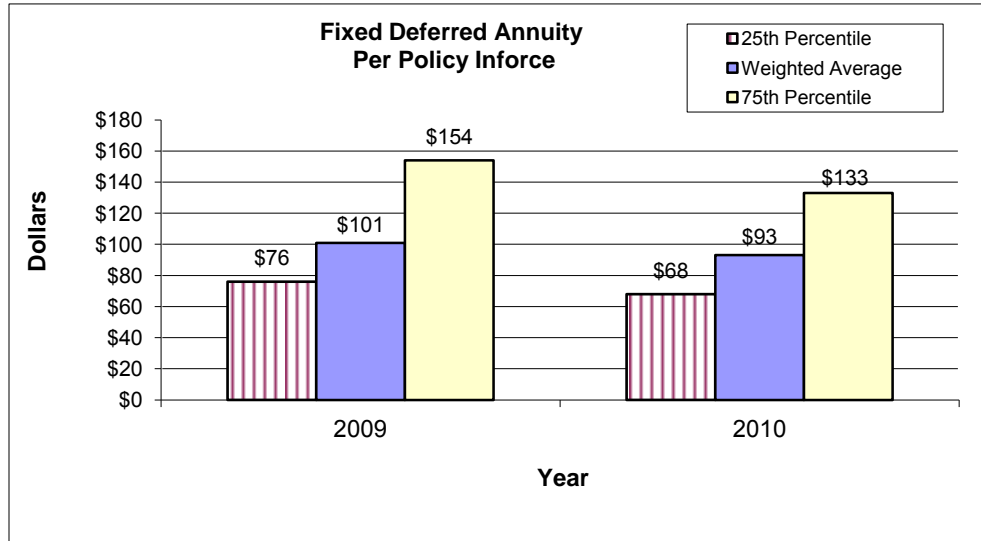
**Graph 16—Comparison of 2009 & 2010 Results
Based on only Companies Contributing in both 2009 & 2010
Acquisition—All Distribution Systems Combined
Per Policy Index**



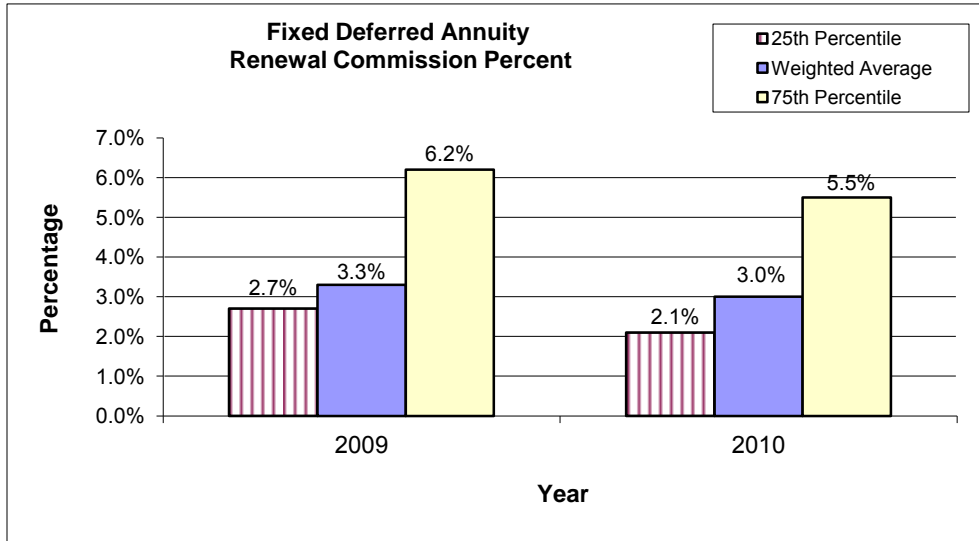
**Graph 17—Comparison of 2009 & 2010 Results
Based on only Companies Contributing in both 2009 & 2010
Acquisition—All Distribution Systems Combined
First Year/Single Premium Commission Percent**



**Graph 18—Comparison of 2009 & 2010 Results
Based on only Companies Contributing in both 2009 & 2010
Non-acquisition—All Distribution Systems Combined
Per Policy Inforce**



**Graph 19—Comparison of 2009 & 2010 Results
Based on only Companies Contributing in both 2009 & 2010
Acquisition—All Distribution Systems Combined
Renewal Commission Percent**



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

Table 16

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	\$ 500	89%	89%	\$2.32
Permanent	\$ 634	16%	57%	\$10.37
Variable	\$ 5,294	79%	143%	\$18.45

Annuity Products

Product	Per Policy Index	Per Premium Index
Deferred	\$ 783	1.5%
Immediate	\$ 1,309	1.9%
Variable Deferred	\$ 4,002	6.2%

Note: See Section 3 for Index Formulas.

2010 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY
Table 17

Investment Expenses

Investment expense for general accounts (in basis points)

Number of Companies = 11	
Weighted Average	9.7
Unweighted Average	11.9
Median	10.3
25th Percentile	6.4
75th Percentile	14.5

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

**2010 SOA Expense Study Worksheet
Company Information**

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

Contact Information

Name	
Telephone	
E-mail	

	Stock	Mutual	Mutual Holding	Demutualizing	Fraternal
Corporate Organization Type					

	Yes
Primarily Burial Life Insurance Company	

	General Account	Separate Accounts
Gross Investment Income		
Investment Expenses		
Average Invested Assets		

Date Last Updated:	May 2, 2011
---------------------------	--------------------

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

Please note if your company underwent any major changes in 2007 that would significantly impact your company's results in this study in Cell A27
--

Please describe the procedure followed in allocating overhead and other indirect expenses to lines of business and distribution channels.

**2010 SOA Expense Study Worksheet
Expense Units**

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

**2010 SOA Expense Study Worksheet
Expenses**

Function	Life Expenses							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)								
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:

**2010 SOA Expense Study Worksheet
Expense Units**

	Annuity Units							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:

**2010 SOA Expense Study Worksheet
Expenses**

Function	Annuity Expenses							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:

**Committee on Life Insurance Company Expenses
2010 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 objective of the Committee on Life Insurance Company Expenses (CLICE) is in part to fill this void.

CLICE is working on the 2009 inter-company expenses study for individual life and annuity products which is expected to be posted on the SOA website as soon as practical. The 2008 study is on the website.

The objective of the 2010 study is to provide useful unit expense benchmark information to actuaries and their managements from which to assess their own unit expense performance, while expanding the level of contributions. 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 continues to monitor life insurer expense information needs for principle based reserving. Although there is no current proposal for this data, CLICE will continue to monitor this NAIC project and will modify the data requested in the future, if appropriate. 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 or will be shared with CLICE committee members. 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 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.**

A separate workbook called Data Submission Form-UL has been created for Universal Life business only. If applicable, 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 Barbara Scott at bscott@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. 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. Also enter the Average Invested Assets for the year in the boxes below Investment Expenses. 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 2010 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.
- Fixed and Flexible Premium Permanent—Whole life, limited pay life, single premium whole life, interest sensitive life, fixed premium universal life and flexible premium universal life not included in the other lines of business.
- COLI—Corporate owned life insurance.
- BOLI—Bank owned life insurance.
- Variable Life Insurance—Variable whole life and variable universal life insurance.

- Individual Deferred Annuities—Fixed premium, flexible premium and single premium deferred annuities. Include equity-indexed annuities. 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 2010. 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 being made during 2010. This is not applicable for Life Insurance.

Expense Type Descriptions

All expenses reported are for the calendar year 2010.

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-in 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 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 G.5 (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.