

2007 Individual Life and Annuity Expense Study

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Executive Summary

The Society of Actuaries' Committee on Life Insurance Company Expenses (CLICE) has developed and conducted inter-company expense experience studies since 2001. This report documents the results of the Committee's sixth expense study—the 2007 SOA Individual Life and Annuity Expense Study.

The Committee distributed a call to life insurance companies for contributions of 2007 calendar year expense data. Contributions of individual life and annuity expense data were received from 27 U.S. life insurance companies.

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

Comparison of 2006 and 2007 Per Policy Index Unit Costs For Companies Contributing to both 2006 and 2007 Studies

Products		Year	First Year*			Inforce#		
			25% Percentile	Weighted Average**	75% Percentile	25% Percentile	Weighted Average	75% Percentile
Life	Term	2006	\$417	\$528	\$911	\$49	\$61	\$102
		2007	485	511	1,070	56	60	108
	Permanent	2006	404	1,504	2,319	55	79	112
		2007	410	1,720	3,077	68	87	112
	Variable	2006	520	1,005	1,665	200	260	380
		2007	594	1,085	5,232	179	274	439
Annuities	Fixed	2006	\$487	\$881	\$1,078	\$61	\$135	\$117
	Deferred	2007	505	1,041	1,267	71	112	102
	Fixed	2006	402	911	1,465	29	138	107
	Immediate	2007	258	932	1,509	66	99	96
	Variable	2006	567	643	771	115	137	170
	Deferred	2007	736	1,100	1,117	151	203	221

*Excludes commissions and premium taxes
#Excludes commissions, premium taxes, termination expenses and contract expenses during payout period
**See Data Issue 7 on page 7 for an explanation of why some weighted average figures are greater than the 75th percentile.

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

Nevertheless, the figures shown in the above table and tables and graphs in this report provide companies with benchmarks and trends that may be used in evaluating their own expense levels and trends.

The committee has distributed a request for, and is receiving contributions to the 2008 study, which will further continue this annual effort. The committee expresses its appreciation to all of the contributing companies for their assistance and support of this study. The committee also expresses its appreciation and thanks to SOA Staff, Barbara Scott and Steve Siegel, who were responsible for much of the work of producing the study.

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

Section 1: Description of Data Received from Contributors

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

Contributors were also asked to separately identify any non-recurring expenses of significant size (in excess of 2.0% of total expenses) with their data submission. These non-recurring expenses totaled about 0.8% of total expenses for life insurance and 0.8% of total expenses for annuities. The tables in the results section include all non-recurring expenses. No further evaluation was conducted of these expenses.

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

- Life insurance—Term, Permanent, Variable, COLI and BOLI. It was thought that these product groups had product or expense characteristics that would result in different unit expenses. For these life insurance products, contributors were further asked to provide acquisition expense detail to the best of their ability broken down by the following distribution channels: Career, Brokerage, PPGA, Multi-Line, Direct Response, Other and Unallocated (that expense that was not split by channel). Contributors were also asked to provide Universal Life (UL) data detail separately. A separate analysis of this UL data is 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 27 companies (listed in Section 4) that contributed data to the 2007 study had \$3.4 B of life insurance expenses, \$11.9 B of life insurance premium, \$2.4 B of annuity expenses and \$24.2 B of annuity premium. As compared to total industry in the United States, these amounts constitute approximately 11.5% of individual life insurance premium and 12.5% 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. For the 2007 study, 15 of the 24 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. Further analysis of Universal Life expenses will be conducted in conjunction with the 2008 study.

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

	Product	
	Individual Permanent Life	Individual Variable Life
Dump-ins	\$ 475 M	\$ 146 M
Dump-in Commissions	\$ 18.9 M (4.0%)	\$ 1.7 M (1.2%)
First Year Premiums*	\$1,137 M	\$ 205 M
First Year Commissions*	\$ 574 M (50.5%)	\$ 111 M (54.1%)

*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 explanations for this variation included the recent introduction of this product line by a company, resulting in relatively high unit expenses or a small number of policies sold and inforce. When a valid explanation for the unit costs was obtained from the contributor, the data was retained. Otherwise, the data was eliminated 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 calculate meaningfully 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, it was observed that the weighted average for the Per Policy Index is greater than the 75th percentile. These skewed values are caused by several contributors with much higher expenses on a per policy basis than the majority of other contributors. These results may have been caused by an undercount of policies or expense misallocation by a limited number of contributors. Nevertheless, after discussion with these contributors, it was decided to include their data for purposes of the study. However, for these products, the unweighted average or median is likely to be a better measure for benchmarking purposes.
8. **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/Contracts Issued)

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

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

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

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

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

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

Per Premium (First Year Premium Basis Only) Index (see Table 17) = (Sum of the numerators (expenses) for the Per Policy Issued, Per 1000 Issued and Percent of First Year Premium Calculations) / (First Year Premium Collected - 0.9 * UL and VUL Dump-in Included in First Year Premium Collected + 0.1* Single Premium Collected - 0.1 * Paid-Up Additions Included in Single Premium Collected)

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

Non-Acquisition

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

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

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

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

Annuity Products

Acquisition

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

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

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

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

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

Non-Acquisition

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

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

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

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

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

Section 4: List of Participating Companies

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

Participating Companies

Allstate Insurance	Investors Heritage Life Insurance
American Family Life Insurance	Jackson National Life Insurance
American United Life Insurance	Liberty Life Assurance of Boston
Baltimore Life Insurance	Midland National Life Insurance
Cincinnati Life Insurance	Minnesota Life
Columbus Life Insurance	North American Company for Life & Health
Country Life Insurance	The Penn Mutual Life Insurance
EquiTrust Life Insurance	Standard Insurance Company
Farm Family Life Insurance	Symetra Life Insurance
Farmers New World Life Insurance	Thrivent Financial for Lutherans
Foresters	Western-Southern Life Assurance
The Guardian Life Insurance	Western and Southern Life Insurance
Horace Mann Life Insurance	Woodmen of the World
Illinois Mutual Life	

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 inforce, 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 2006 and 2007 Results

The graphs comparing 2006 and 2007 results are based only on companies that appeared in both the 2006 and 2007 studies. This was done to eliminate the variation that would be caused by a change in company mix. The corresponding figures are shown in Tables 8 and 17.

Although the 2006 and 2007 comparison results are based only on companies that contributed data for both years, significant variation in unit costs between 2006 and 2007 were observed for several individual contributors. This is the primary underlying cause for the substantial changes in some aggregate units costs from 2006 to 2007 that are shown in Tables 8 and 17.

To highlight the variability that was observed, Tables 8 and 17 also include items labeled 25th Percentile Difference and 75th Percentile Difference. These items represent the 25th and 75th percentile of the distribution of the differences in unit costs for 2006 and 2007 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 2006 to 2007 is calculated for all companies contributing in both years. The Term Life Per Policy Index differences are then ordered from lowest to highest. The 25th percentile and 75th percentile of these differences are then shown in Table 8 to give an indication of the range of the results.

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, and the limited number of contributors in certain categories provided, the results should be viewed with caution.

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Life and Annuity Products

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2007 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 1

Term Life Insurance

CAREER

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	\$116	\$0.52	42.2%	\$432	50.6%	N/A	3.6%
Unweighted Average	\$159	\$1.48	85.1%	\$739	58.2%	N/A	3.3%
Median	\$128	\$0.52	62.8%	\$470	56.8%	N/A	3.4%
25th Percentile	\$75	\$0.30	35.7%	\$427	49.6%	N/A	2.4%
75th Percentile	\$196	\$0.76	79.9%	\$1,187	68.5%	N/A	4.0%

BROKERAGE

Number of Companies = 4

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$320	\$1.72	72.9%	\$1,013	133.2%	N/A	1.5%
Unweighted Average	\$326	\$1.19	45.3%	\$954	116.5%	N/A	2.7%
Median	\$343	\$0.97	36.9%	\$1,020	112.5%	N/A	2.7%

TOTAL

Number of Companies = 23

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$173	\$0.52	46.0%	\$632	71.4%	N/A	2.3%
Unweighted Average	\$237	\$1.01	73.6%	\$914	76.2%	N/A	3.2%
Median	\$197	\$0.55	43.1%	\$698	73.5%	N/A	2.9%
25th Percentile	\$120	\$0.33	31.2%	\$462	56.0%	N/A	2.2%
75th Percentile	\$315	\$0.77	88.3%	\$1,306	92.9%	N/A	4.1%

TOTAL

Number of Companies = 23

Non-Acquisition - All Distribution Systems Combined

	Per Policy Inforce	Premium Tax as Percent of Premium	Per Claim	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$59	2.0%	\$149	\$296	\$228
Unweighted Average	\$80	1.7%	\$332	\$340	\$255
Median	\$60	1.9%	\$254	\$334	\$222
25th Percentile	\$45	1.3%	\$147	\$164	\$146
75th Percentile	\$95	2.3%	\$488	\$463	\$314

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

2007 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 2

Permanent Life Insurance

CAREER

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	\$227	\$2.20	83.7%	\$1,101	72.6%	4.7%	3.2%
Unweighted Average	\$247	\$2.02	83.7%	\$1,299	71.7%	2.8%	3.6%
Median	\$180	\$2.06	51.6%	\$685	66.8%	1.7%	3.9%
25th Percentile	\$112	\$0.53	38.6%	\$542	60.7%	0.7%	2.9%
75th Percentile	\$269	\$2.61	120.4%	\$1,508	83.3%	2.2%	4.8%

BROKERAGE

Number of Companies =4

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$447	\$2.71	22.4%	\$1,646	107.5%	5.1%	2.6%
Unweighted Average	\$445	\$1.82	26.0%	\$1,517	120.9%	5.6%	3.3%
Median	\$316	\$2.03	24.0%	\$919	113.4%	5.0%	4.0%

TOTAL

Number of Companies =24

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$219	\$1.34	50.3%	\$1,470	82.3%	4.7%	4.4%
Unweighted Average	\$333	\$1.57	55.2%	\$2,031	86.2%	3.8%	4.1%
Median	\$167	\$1.15	44.7%	\$695	82.3%	2.7%	3.9%
25th Percentile	\$107	\$0.78	22.0%	\$493	61.9%	1.4%	2.6%
75th Percentile	\$306	\$2.06	82.3%	\$1,981	106.6%	6.5%	4.9%

TOTAL

Number of Companies =24

	Non-Acquisition - All Distribution Systems Combined				
	Per Policy Inforce	Premium Tax as Percent of Premium	Per Claim	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$58	1.3%	\$112	\$119	\$63
Unweighted Average	\$75	1.5%	\$172	\$160	\$68
Median	\$67	1.5%	\$138	\$83	\$48
25th Percentile	\$40	1.1%	\$86	\$46	\$32
75th Percentile	\$82	2.0%	\$218	\$187	\$85

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

2007 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 2UL

Permanent Life Insurance - Universal Life

CAREER

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	\$226	\$1.62	81.9%	\$1,210	85.5%	N/A	3.5%
Unweighted Average	\$245	\$1.70	60.0%	\$1,385	75.5%	N/A	3.6%
Median	\$199	\$1.04	48.3%	\$1,001	80.8%	N/A	4.1%
25th Percentile	\$119	\$0.69	14.4%	\$632	57.0%	N/A	3.1%
75th Percentile	\$346	\$1.64	100.7%	\$1,995	89.8%	N/A	4.7%

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	\$243	\$1.33	67.1%	\$1,901	72.9%	N/A	3.4%
Unweighted Average	\$373	\$1.63	59.4%	\$2,944	80.6%	N/A	3.7%
Median	\$254	\$1.01	45.2%	\$1,017	83.8%	N/A	3.6%
25th Percentile	\$134	\$0.66	27.1%	\$737	61.6%	N/A	2.7%
75th Percentile	\$430	\$1.77	82.4%	\$2,432	94.4%	N/A	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	\$57	0.9%	\$193	\$124	\$82
Unweighted Average	\$96	1.3%	\$253	\$223	\$101
Median	\$74	1.2%	\$291	\$88	\$83
25th Percentile	\$46	0.8%	\$127	\$66	\$66
75th Percentile	\$95	1.9%	\$368	\$234	\$117

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

2007 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 3

Variable 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	\$248	\$0.89	28.6%	\$1,050	92.8%	0.8%	7.0%
Unweighted Average	\$401	\$1.40	58.2%	\$2,331	82.2%	1.3%	5.7%
Median	\$219	\$0.91	38.3%	\$675	79.9%	0.3%	5.8%

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	\$244	\$0.88	32.3%	\$1,338	89.0%	1.5%	5.6%
Unweighted Average	\$448	\$1.19	49.9%	\$2,746	78.4%	1.8%	4.6%
Median	\$223	\$0.87	35.2%	\$1,163	71.1%	1.3%	4.5%
25th Percentile	\$152	\$0.68	11.4%	\$595	64.2%	0.0%	3.1%
75th Percentile	\$525	\$1.43	85.9%	\$4,727	92.3%	3.2%	5.9%

TOTAL

Number of Companies = 12

	Non-Acquisition - All Distribution Systems Combined				
	Per Policy Inforce	Premium Tax as Percent of Premium	Per Claim	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$237	1.5%	\$272	\$254	\$247
Unweighted Average	\$288	1.5%	\$505	\$320	\$252
Median	\$248	1.5%	\$348	\$288	\$251
25th Percentile	\$122	1.1%	\$207	\$189	\$148
75th Percentile	\$423	1.9%	\$709	\$428	\$348

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

**2007 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	9	\$116	\$0.52	42.2%	\$432	50.6%	N/A	3.6%
Permanent Life	9	\$227	\$2.20	83.7%	\$1,101	72.6%	4.7%	3.2%
Variable Life	5	\$248	\$0.89	28.6%	\$1,050	92.8%	0.8%	7.0%
TOTAL	9	\$165	\$0.82	54.5%	\$715	68.5%	3.4%	3.8%

BROKERAGE

	Number of Companies	Acquisition				Commission Percent		
		Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Term Life	4	\$320	\$1.72	72.9%	\$1,013	133.2%	N/A	1.5%
Permanent Life	4	\$447	\$2.71	22.4%	\$1,646	107.5%	5.1%	2.6%
TOTAL	4	\$346	\$1.89	41.2%	\$1,140	118.1%	5.1%	2.0%

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	23	\$173	\$0.52	46.0%	\$632	71.4%	N/A	2.3%
Permanent Life	24	\$219	\$1.34	50.3%	\$1,470	82.3%	4.7%	4.4%
Variable Life	12	\$244	\$0.88	32.3%	\$1,338	89.0%	1.5%	5.6%
TOTAL	24	\$196	\$0.73	47.3%	\$1,020	80.0%	4.4%	4.0%

TOTAL

	Number of Companies	Non-Acquisition - All Distribution Systems Combined				
		Per Policy Inforce	Premium Tax as Percent of Premium	Per Claim	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Term Life	23	\$59	2.0%	\$149	\$296	\$228
Permanent Life	24	\$58	1.3%	\$112	\$119	\$63
Variable Life	12	\$237	1.5%	\$272	\$254	\$247
TOTAL	24	\$63	1.5%	\$119	\$220	\$116

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

2007 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 5

Term Life Insurance

SMALL

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	\$160	\$0.73	54.4%	\$669	86.3%	N/A	6.3%
Unweighted Average	\$122	\$0.70	88.8%	\$678	79.3%	N/A	5.4%
Median	\$128	\$0.63	44.9%	\$570	73.5%	N/A	5.5%

SMALL

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	\$101	2.4%	\$194	\$198	\$143
Unweighted Average	\$78	2.1%	\$238	\$184	\$135
Median	\$73	1.9%	\$181	\$160	\$146

MEDIUM

Number of Companies = 15

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$161	\$0.60	48.7%	\$588	74.8%	N/A	2.1%
Unweighted Average	\$280	\$0.67	72.9%	\$1,001	79.6%	N/A	2.5%
Median	\$221	\$0.51	36.9%	\$1,040	79.3%	N/A	2.7%
25th Percentile	\$121	\$0.30	23.4%	\$462	58.5%	N/A	1.8%
75th Percentile	\$354	\$0.76	88.3%	\$1,477	96.0%	N/A	3.2%

MEDIUM

Number of Companies = 15

Non-Acquisition - All Distribution Systems Combined					
	Per Policy Inforce	Premium Tax as Percent of Premium	Per Claim	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
Weighted Average	\$52	2.2%	\$111	\$245	\$193
Unweighted Average	\$82	1.7%	\$379	\$368	\$279
Median	\$56	1.9%	\$386	\$348	\$251
25th Percentile	\$45	1.2%	\$147	\$226	\$196
75th Percentile	\$93	2.3%	\$525	\$480	\$336

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

2007 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 6

Permanent Life Insurance

SMALL

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	\$83	\$1.30	58.5%	\$462	103.6%	5.1%	5.5%
Unweighted Average	\$78	\$1.20	52.8%	\$415	97.0%	4.6%	4.8%
Median	\$61	\$0.72	51.4%	\$379	106.5%	2.2%	4.9%

SMALL

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	\$54	2.2%	\$318	\$26	\$18
Unweighted Average	\$67	2.0%	\$194	\$41	\$28
Median	\$73	1.6%	\$132	\$25	\$39

MEDIUM

Number of Companies =16

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Weighted Average	\$196	\$1.56	53.4%	\$1,182	80.9%	5.0%	3.7%
Unweighted Average	\$407	\$1.56	53.3%	\$2,351	83.1%	3.6%	3.8%
Median	\$197	\$1.24	36.7%	\$695	80.2%	3.4%	3.8%
25th Percentile	\$137	\$0.92	21.5%	\$540	58.2%	0.5%	2.6%
75th Percentile	\$377	\$2.06	82.3%	\$2,233	106.0%	5.3%	4.5%

MEDIUM

Number of Companies =16

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	\$57	1.4%	\$88	\$88	\$50
Unweighted Average	\$74	1.4%	\$144	\$184	\$67
Median	\$65	1.3%	\$133	\$100	\$55
25th Percentile	\$40	0.9%	\$86	\$53	\$32
75th Percentile	\$76	1.9%	\$177	\$216	\$85

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

2007 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 7

Variable Life Insurance

MEDIUM

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	\$210	\$0.74	29.6%	\$1,227	84.4%	1.3%	5.7%
Unweighted Average	\$432	\$1.02	45.7%	\$2,784	74.5%	1.7%	4.5%
Median	\$223	\$0.87	35.2%	\$1,163	65.9%	1.3%	3.8%
25th Percentile	\$164	\$0.75	16.4%	\$615	63.9%	0.0%	3.1%
75th Percentile	\$504	\$1.39	77.4%	\$4,695	85.0%	3.1%	6.0%

MEDIUM

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	\$292	1.6%	\$328	\$251
Unweighted Average	\$321	1.7%	\$589	\$332	\$269
Median	\$296	1.5%	\$488	\$349	\$259
25th Percentile	\$196	1.3%	\$235	\$153	\$161
75th Percentile	\$434	2.0%	\$807	\$465	\$365

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

2007 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY
Table 8

Life Products - Comparison of 2006 and 2007 Unit Costs
for Companies Contributing in both 2006 and 2007

Term Life Insurance

Number of Contributing Companies = 14

	Acquisition		Commission Percent						Non-acquisition	
	Per Policy Index		First Year		Single Premium		Renewal		Per Policy Inforce	
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Weighted Average	\$528	\$511	67.0%	65.1%	NA	NA	2.5%	2.5%	\$61	\$60
25th Percentile	\$417	\$485	65.5%	55.5%	NA	NA	2.4%	2.1%	\$49	\$56
75th Percentile	\$911	\$1,070	90.2%	90.0%	NA	NA	4.3%	4.3%	\$102	\$108
25th Percentile Difference		-5%		-13%		NA		-8%		-7%
75th Percentile Difference		28%		1%		NA		3%		12%

Perm Life Insurance

Number of Contributing Companies = 14

	Acquisition		Commission Percent						Non-acquisition	
	Per Policy Index		First Year		Single Premium		Renewal		Per Policy Inforce	
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Weighted Average	\$1,504	\$1,720	76.1%	76.6%	6.5%	4.6%	4.7%	5.0%	\$79	\$87
25th Percentile	\$404	\$410	64.6%	59.6%	0.2%	0.4%	2.7%	2.7%	\$55	\$68
75th Percentile	\$2,319	\$3,077	100.6%	104.9%	5.4%	5.5%	5.3%	5.1%	\$112	\$112
25th Percentile Difference		0%		-6%		-4%		-3%		4%
75th Percentile Difference		18%		8%		56%		3%		23%

Variable Life Insurance

Number of Contributing Companies = 9

	Acquisition		Commission Percent						Non-acquisition	
	Per Policy Index		First Year		Single Premium		Renewal		Per Policy Inforce	
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Weighted Average	\$1,005	\$1,085	83.1%	94.1%	1.7%	1.6%	5.8%	5.8%	\$260	\$274
25th Percentile	\$520	\$594	59.7%	60.9%	0.3%	0.3%	3.1%	3.1%	\$200	\$179
75th Percentile	\$1,665	\$5,232	102.2%	91.5%	3.9%	3.9%	6.3%	6.2%	\$380	\$439
25th Percentile Difference		2%		-39%		0%		-2%		-11%
75th Percentile Difference		14%		11%		5%		3%		13%

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

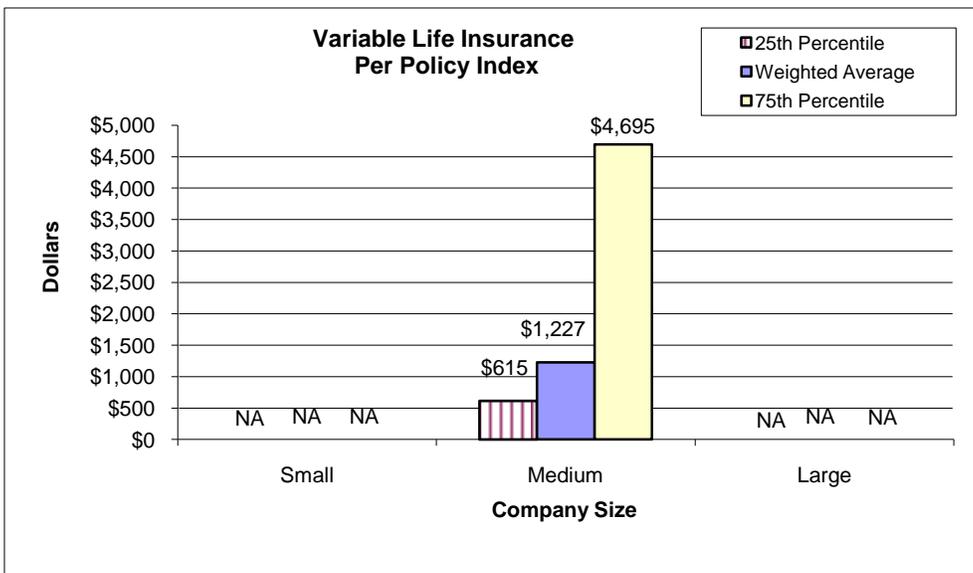
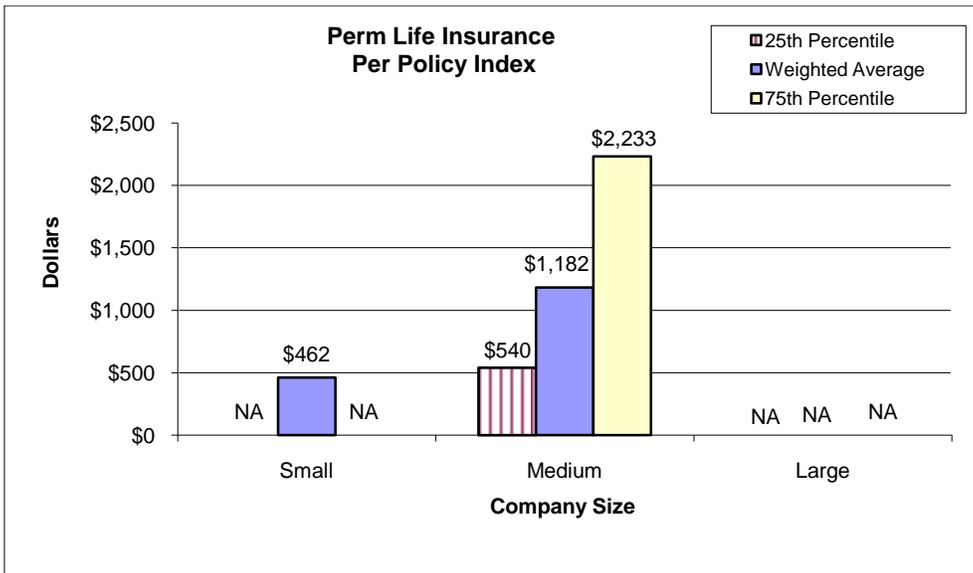
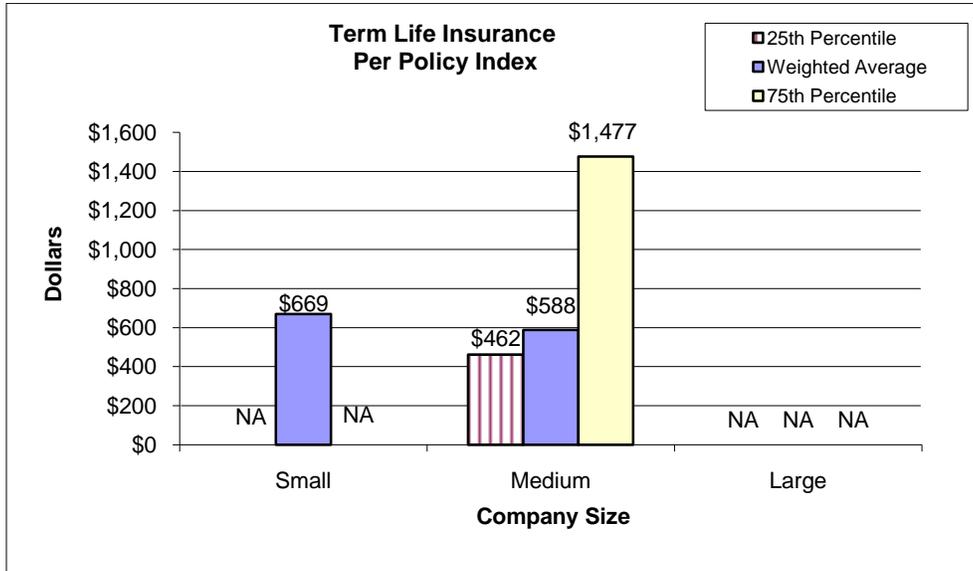
2007 SOA Expense Study
Table 9 - Total Expense Units - All Companies

	Life Products							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
A. New Business - Direct								
1. Policies / Contracts Issued	399,136	65,112	42,024	68,024	541	105,382	209,063	889,282
2. Volume Issued (Round to 1000s)	62,286,572	10,780,069	11,980,348	12,940,245	188,112	10,566,842	87,206,212	195,948,401
3. First Year Premium Collected	408,606,772	144,861,905	187,681,790	47,269,525	302,731	56,820,494	809,276,013	1,654,819,230
a. UL and VUL Dump-in Included in A-3	124,862,700	76,342,794	87,040,441	678,238	0	32,195	257,556,077	546,512,446
4. Single Premium Collected	549,896,911	870,630	13,655,190	85,855,176	0	168,921,803	509,869,864	1,329,069,574
a. UL and VUL Dump-in Included in A-4	75,159,209	0	0	0	0	0	0	75,159,209
b. Paid-Up Additions Included in A-4	415,015,125	342,643	21,724	53,638,140	0	0	20,368,572	489,386,204
B. Inforce - Direct - Current Year								
1. Policies / Contracts	6,405,367	779,110	903,620	1,004,471	25,411	2,267,971	4,935,144	16,321,094
2. Volume (Round to 1000s)	633,665,507	130,306,498	127,130,032	87,476,372	9,080,906	95,112,843	867,688,672	1,950,460,829
3. Renewal Premium Collected	2,949,410,147	440,130,612	634,065,150	409,176,229	14,032,038	450,058,248	3,980,429,305	8,877,301,729
4. Reserves or Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	82,478,327,011	82,478,327,011
C. Inforce - Direct - Previous Year								
1. Policies / Contracts	6,381,168	770,844	916,450	972,162	26,106	2,326,466	5,065,627	16,458,823
2. Volume (Round to 1000s)	576,505,376	129,314,276	123,325,487	79,273,030	9,295,953	90,525,233	845,116,126	1,853,355,481
3. Renewal Premium Collected	2,838,404,833	442,136,214	623,011,263	385,528,718	14,341,979	439,482,517	4,030,574,086	8,773,479,610
4. Reserves or Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	79,773,527,978	79,773,527,978
D. Claims/Contracts								
1. Number of Claims	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	154,615	154,615
2. Number of Surrenders/Lapses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	650,609	650,609

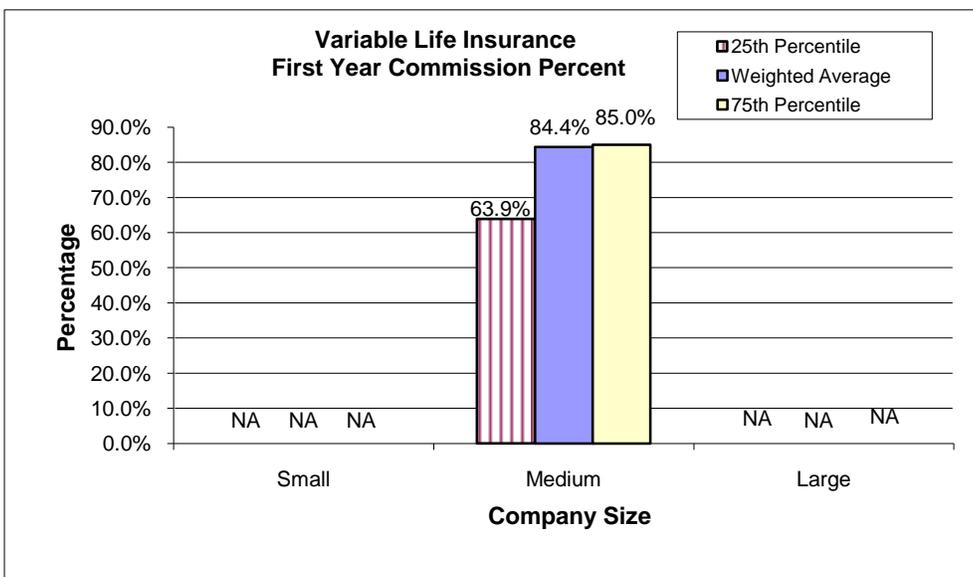
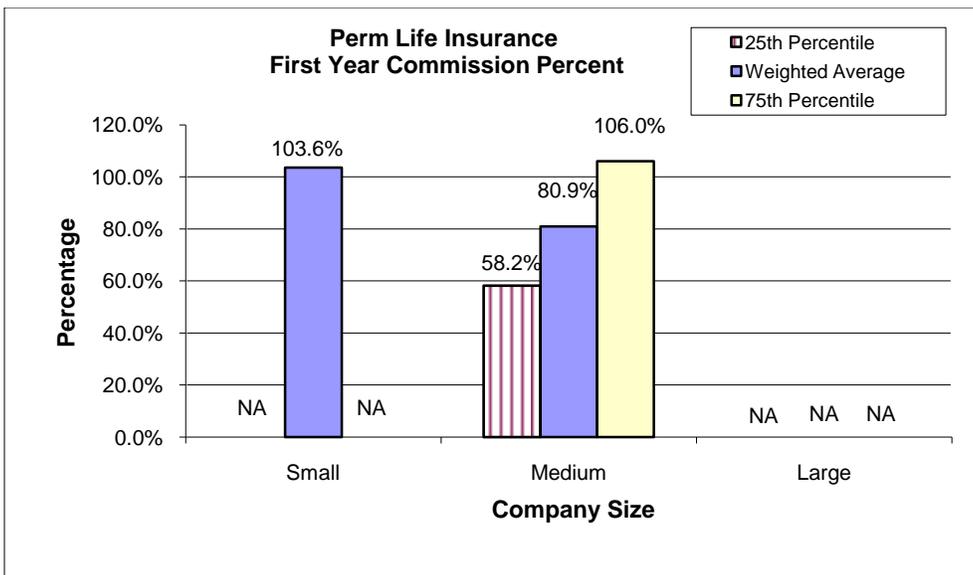
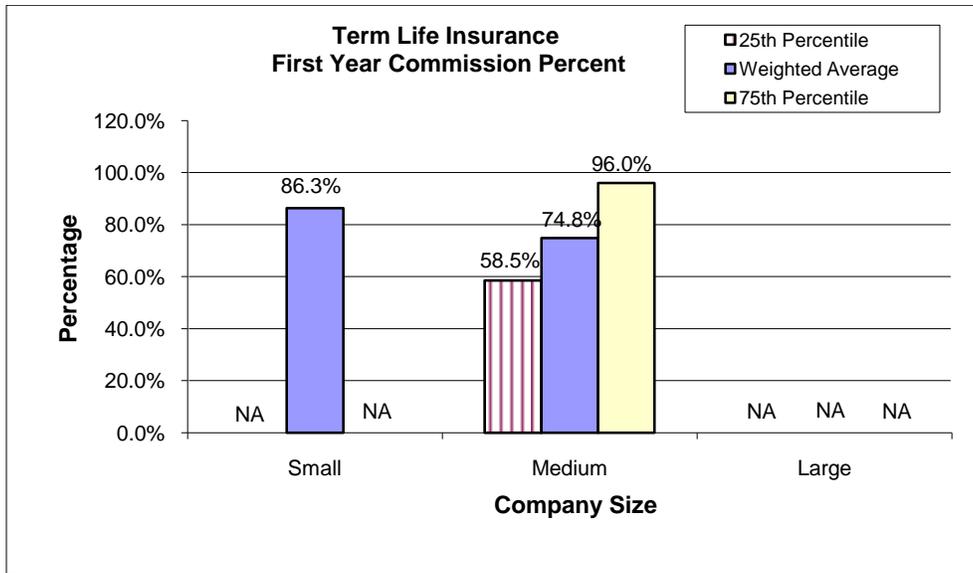
2007 SOA Expense Study
Table 9 - Total Expenses - All Companies

Function	Life Products							Unallocated	Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other			
E. Commissions Paid									
1. First Year Commissions	200,368,175	84,763,681	104,376,053	35,026,098	264,259	56,760,043	425,759,776	907,318,085	
a. UL and VUL Dump-in Included in F-1	5,863,643	3,815,958	3,307,457	0	0	0	7,595,601	20,582,660	
2. Single Commissions	2,992,681	88,847	72,176	2,319,877	0	10,670,057	24,467,862	40,611,500	
a. UL and VUL Dump-in Included in F-2	347,986	0	0	0	0	0	0	347,986	
3. Renewal Commissions	112,196,059	9,022,547	20,781,845	15,046,558	399,980	24,025,623	169,520,020	350,992,632	
F. Other Acquisition Expenses Paid									
1. Sales / Marketing	150,475,830	17,960,997	12,299,661	49,268,334	914,091	36,512,899	276,722,796	544,154,608	
2. Underwriting - Inspection Reports and Medical Exams	32,582,774	6,908,749	6,756,798	8,888,086	44,460	5,768,251	37,193,701	98,142,819	
3. Underwriting - All Other	21,667,836	3,295,839	2,841,749	5,756,926	134,247	4,013,514	26,597,765	64,307,876	
4. Policy / Contract Issue	26,165,404	5,763,636	2,997,073	6,433,897	77,358	6,913,435	16,473,218	64,824,021	
5. Product Development	13,409,779	3,344,867	3,149,059	2,021,381	908	1,463,460	0	23,389,455	
6. Other Acquisition - Please list	41,208,346	36,941,004	5,504,053	321,871	0	0	28,171,427	112,146,700	
G. Other Expenses Paid									
1. Benefit Department(s) / Claim Settlement Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	18,354,663	18,354,663	
2. Policyowner Services	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	236,701,676	236,701,676	
3. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	12,555,332	12,555,332	
4. Significant Non-recurring Expenses (specify)	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	27,851,439	27,851,439	
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	674,241,272	674,241,272	
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	63,666,703	63,666,703	
7. Other non-overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	83,001,219	83,001,219	
H. Premium Tax & Guar Assoc Assessments									
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	177,273,142	177,273,142	
I. Total Expenses									
	601,066,885	168,090,166	158,778,466	125,083,028	1,835,302	146,127,283	2,234,885,310	3,435,866,442	

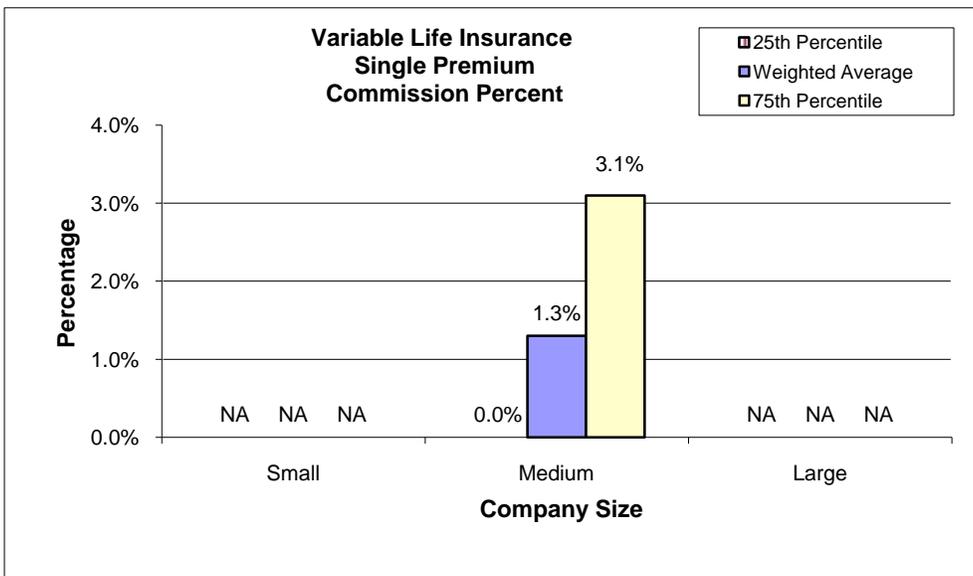
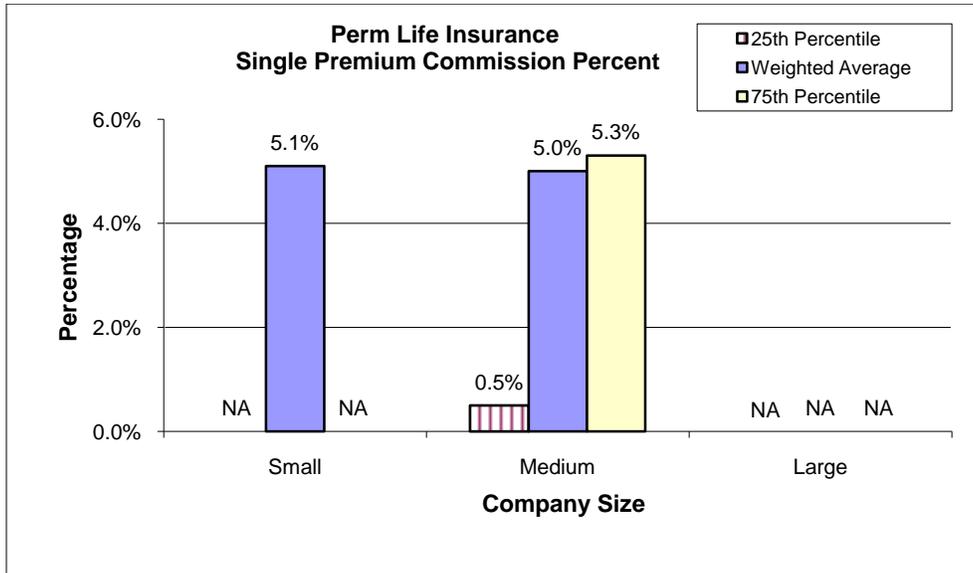
2007 Life Products
Graph 1—Acquisition Expense—All Distribution Systems Combined
Per Policy Index



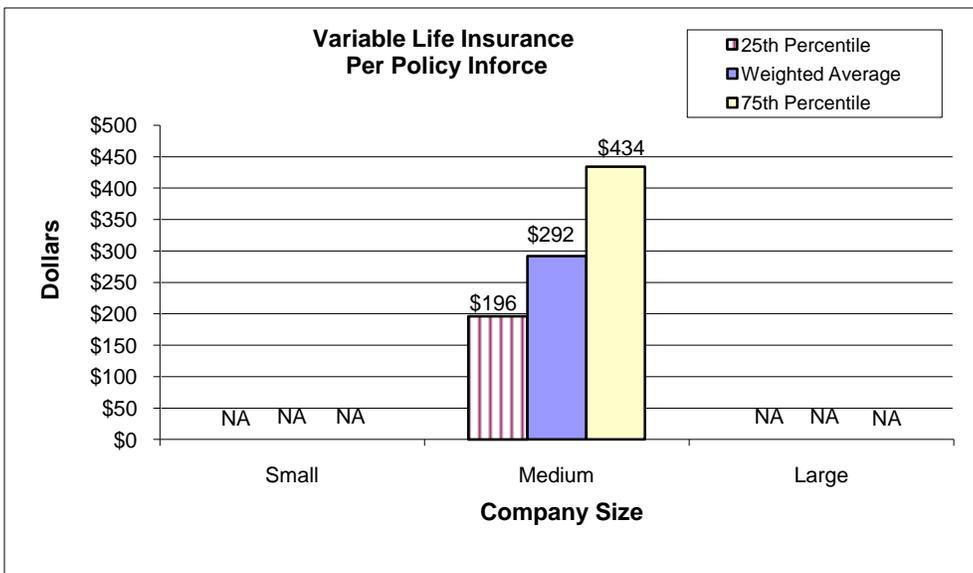
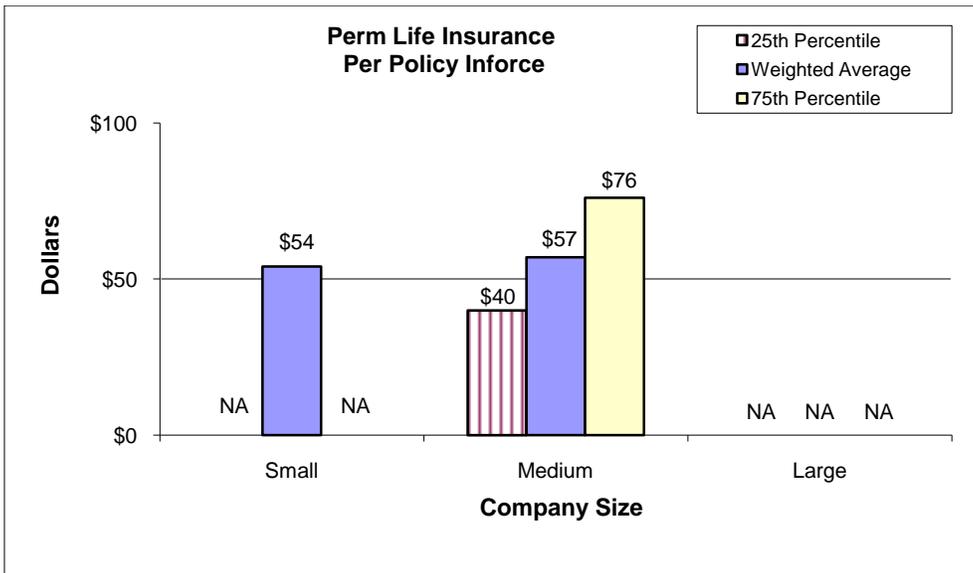
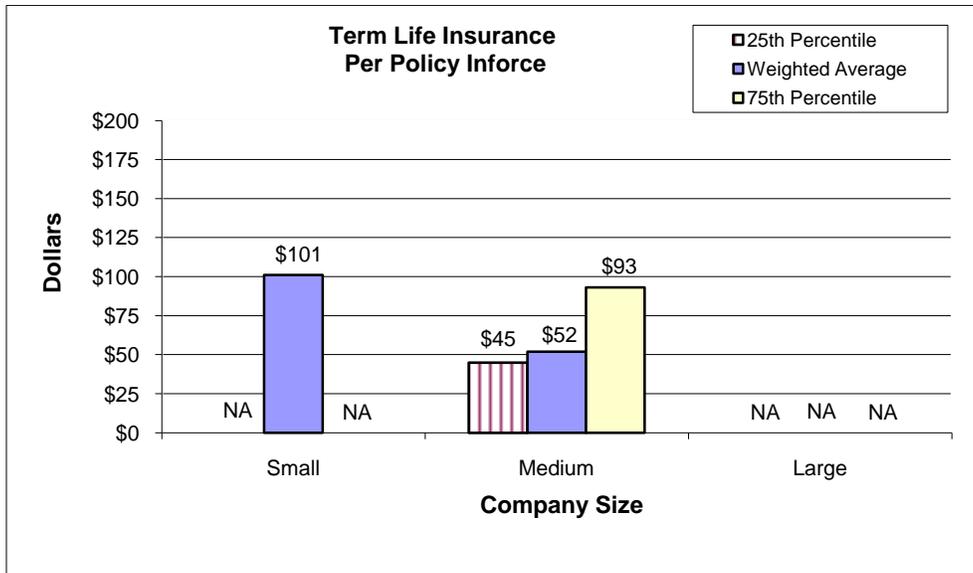
2007 Life Products
Graph 2—Acquisition Expense—All Distribution Systems Combined
First Year Commission Percent



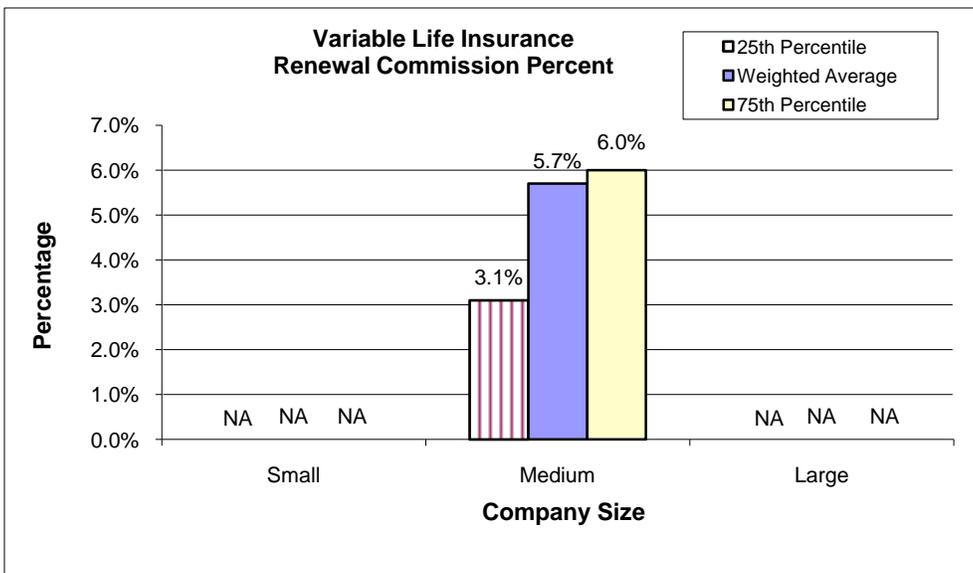
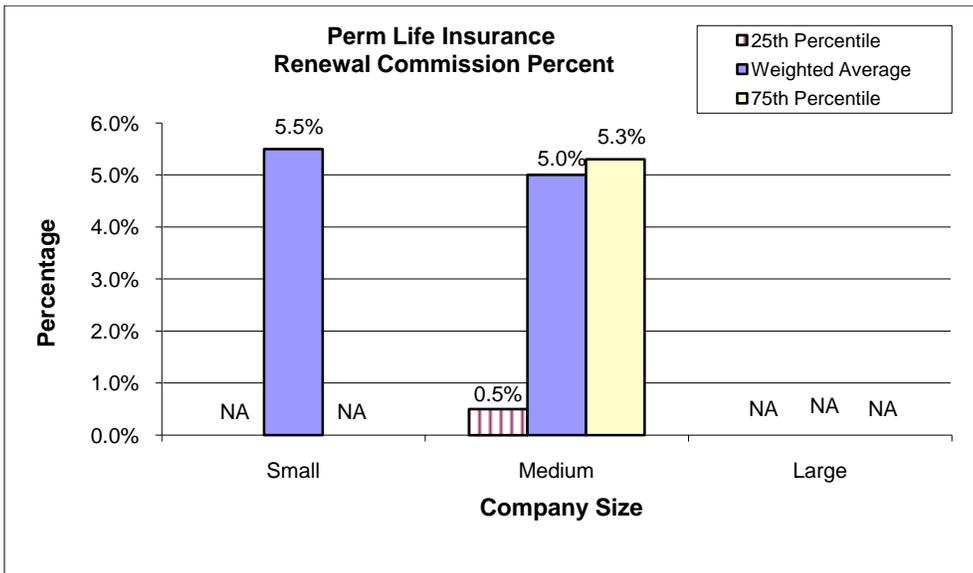
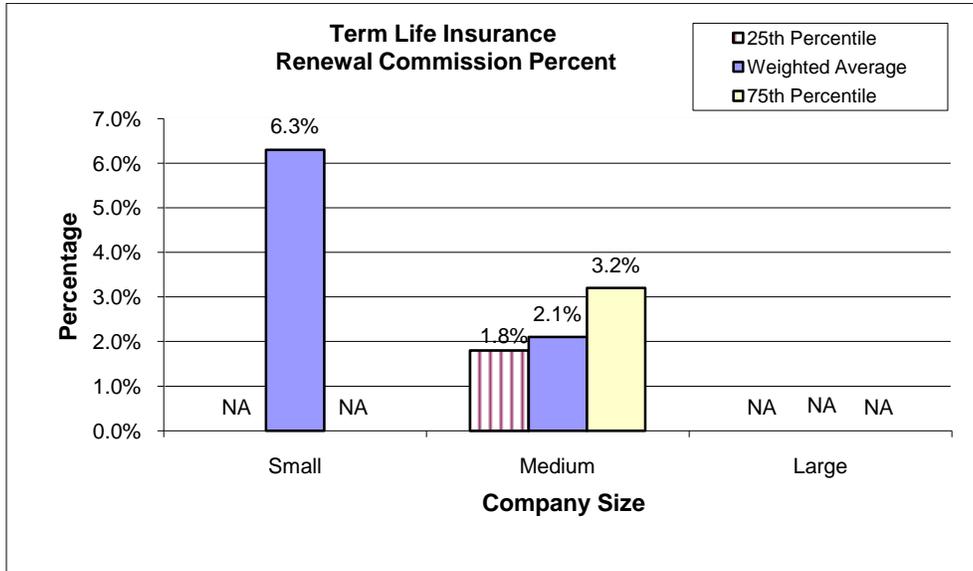
2007 Life Products
Graph 3—Acquisition Expense—All Distribution Systems Combined
Single Premium Commission Percent



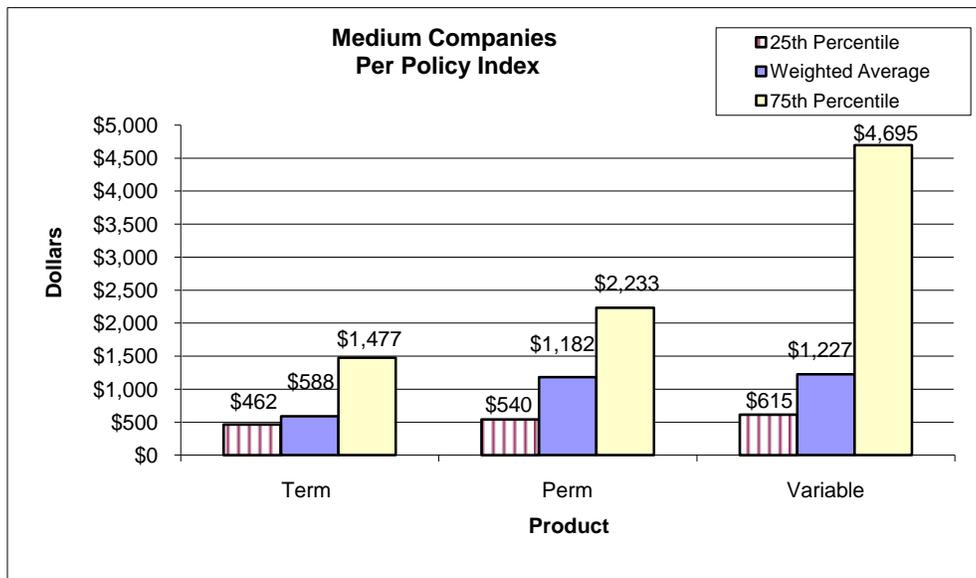
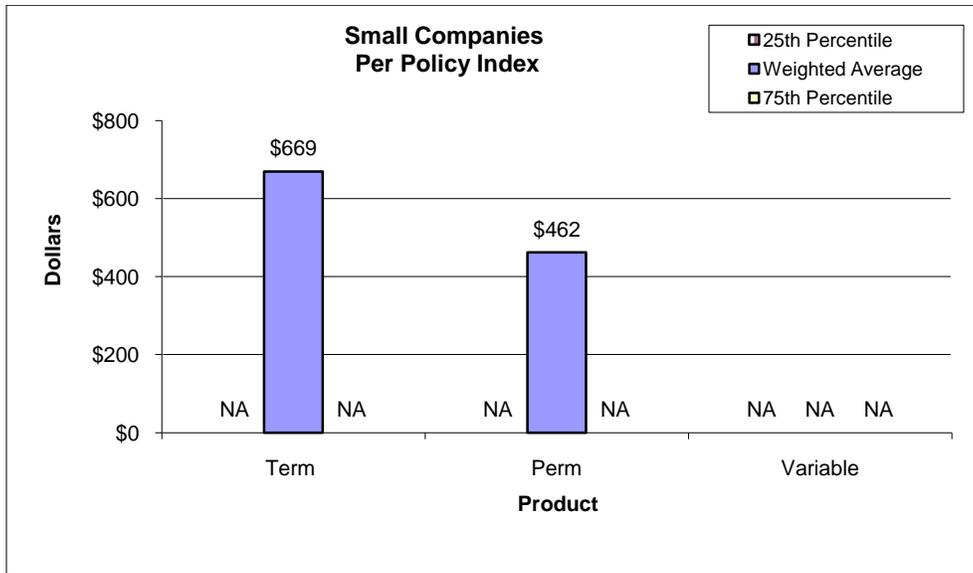
2007 Life Products
Graph 4—Non-acquisition Expense—All Distribution Systems Combined
Per Policy Inforce



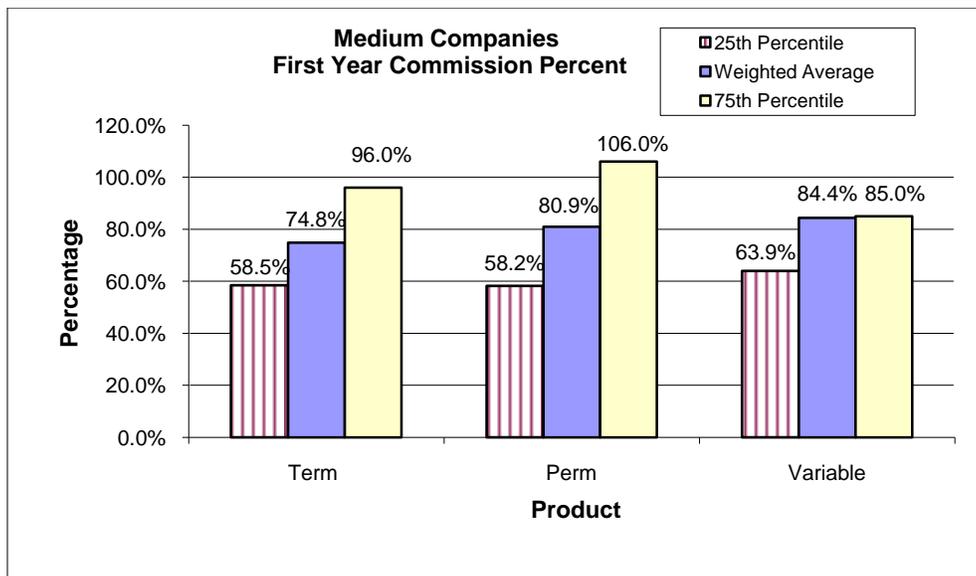
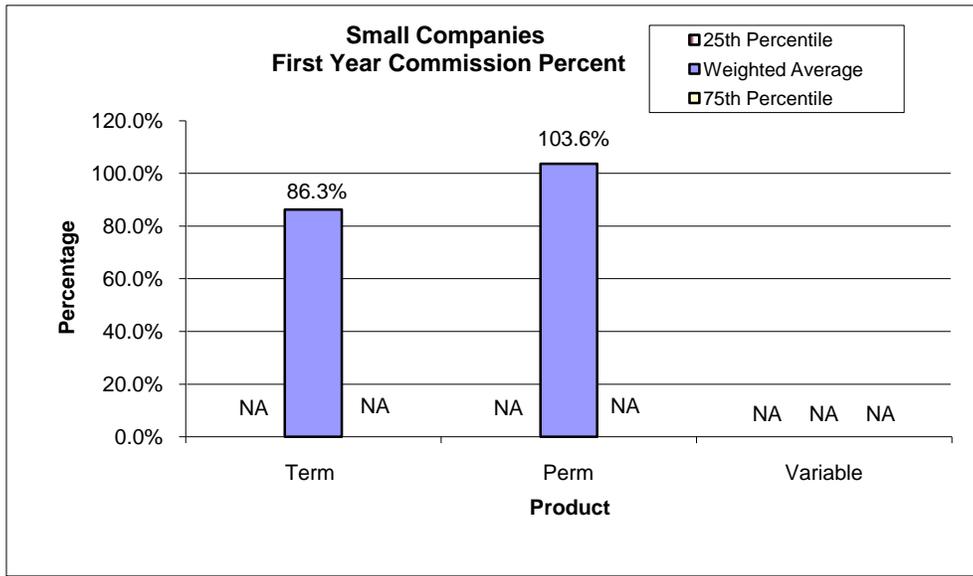
2007 Life Products
Graph 5—Acquisition Expense—All Distributions Systems Combined
Renewal Commission Percent



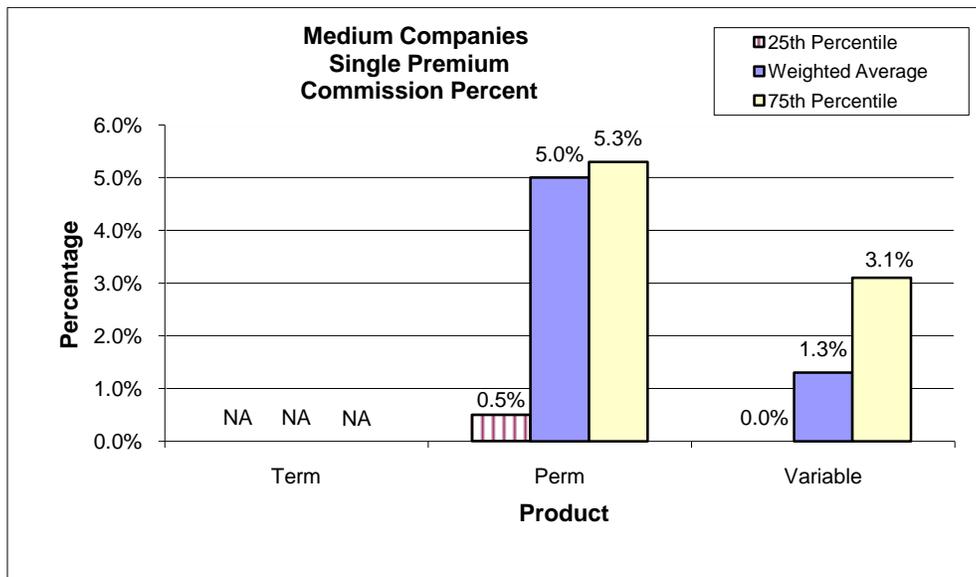
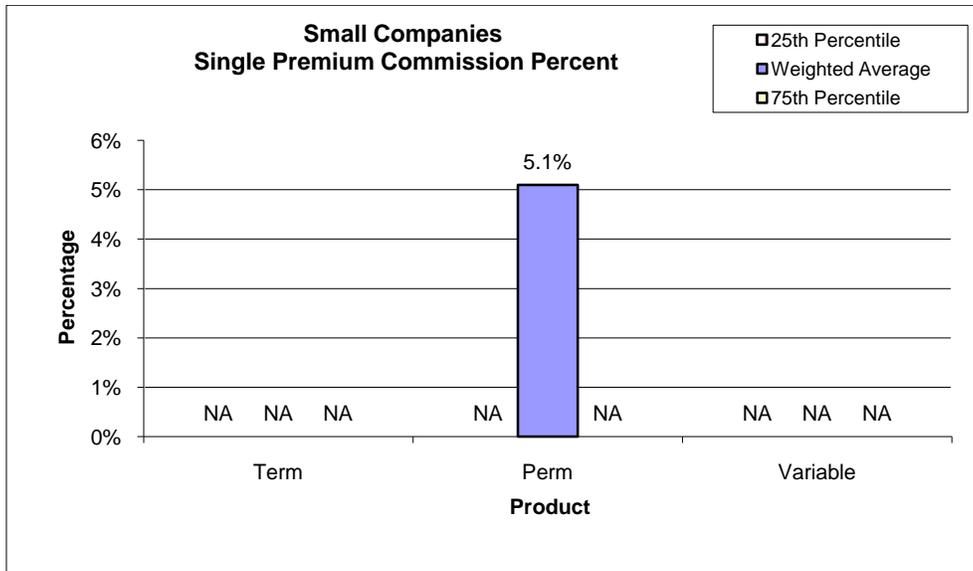
2007 Life Products
Graph 6—Acquisition Expense—All Distribution Systems Combined
Per Policy Index



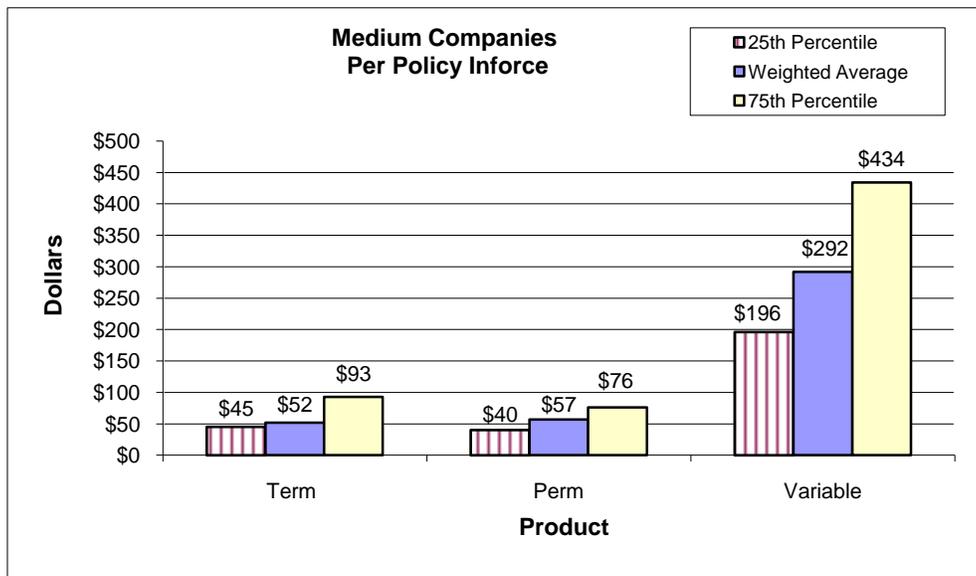
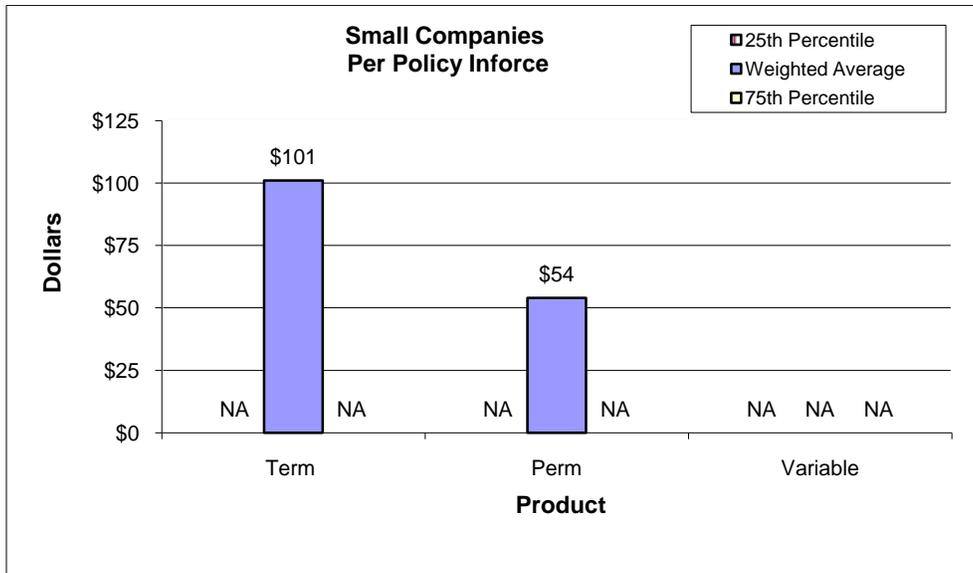
2007 Life Products
Graph 7—Acquisition Expense—All Distribution Systems Combined
First Year Commission Percent



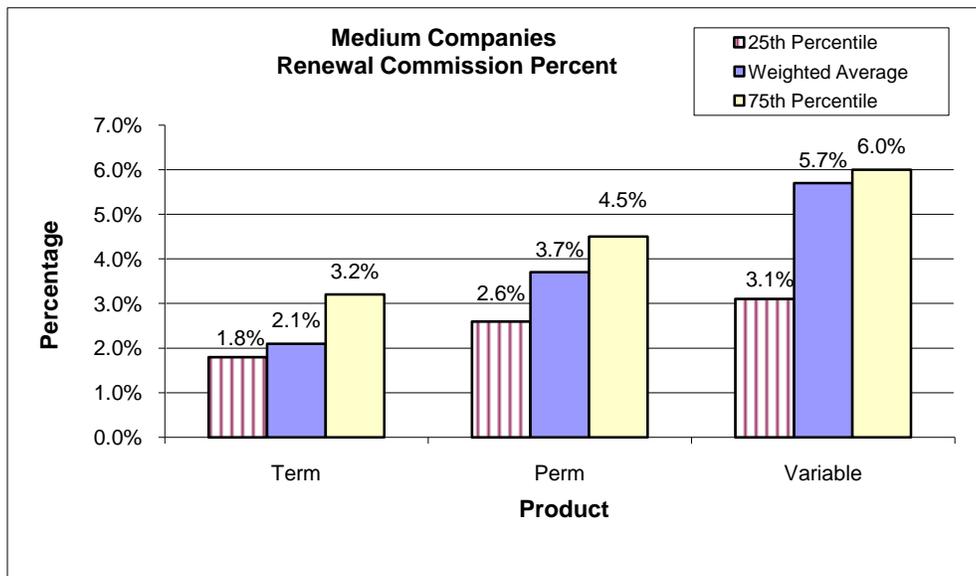
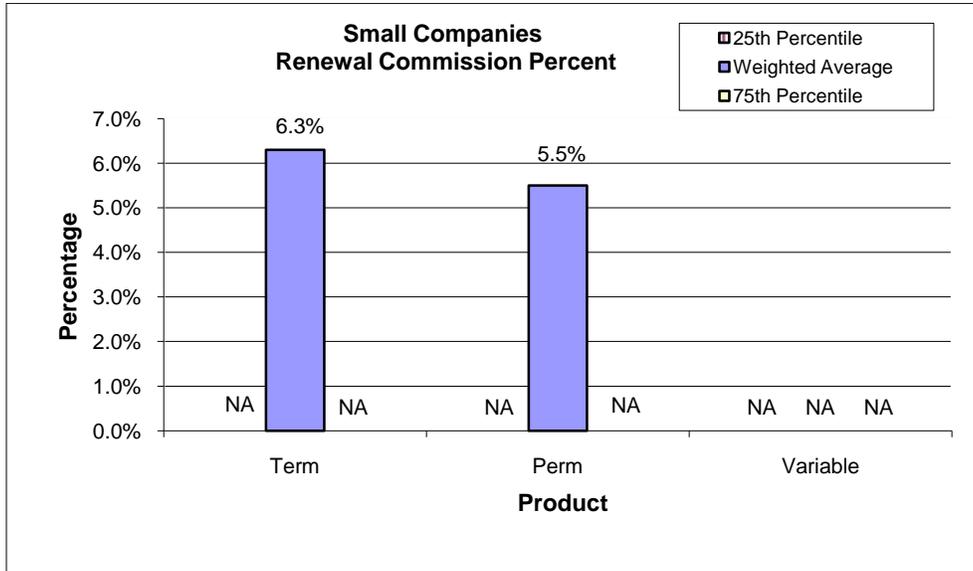
2007 Life Products
Graph 8—Acquisition Expense—All Distribution Systems Combined
Single Premium Commission Percent



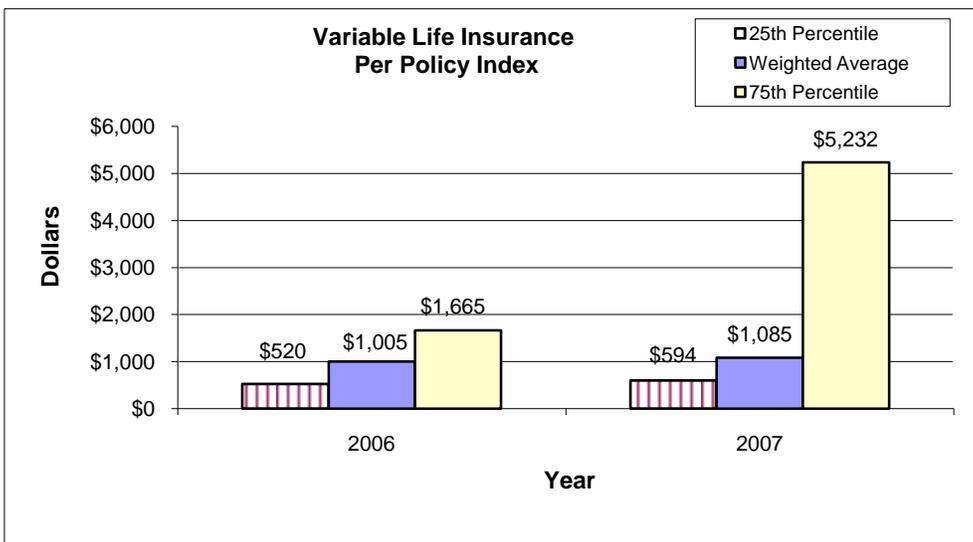
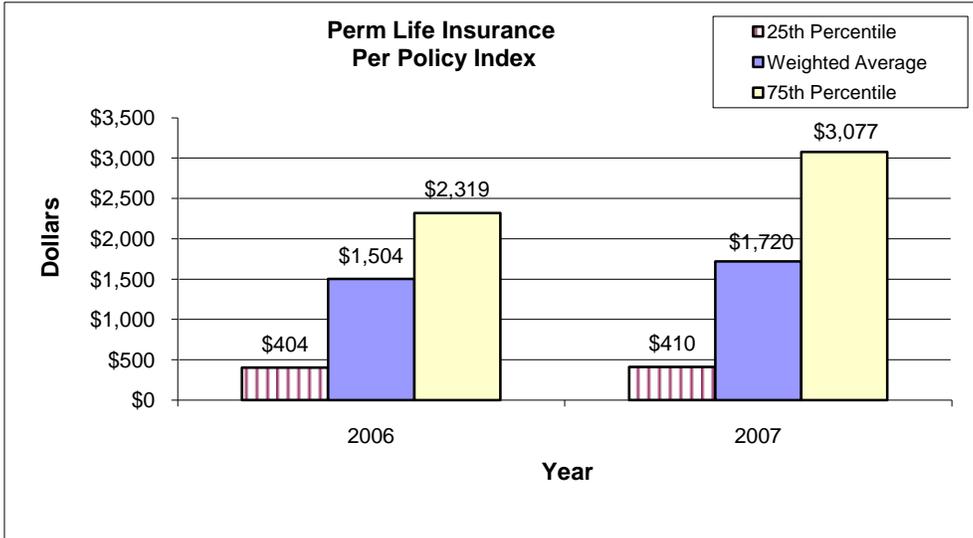
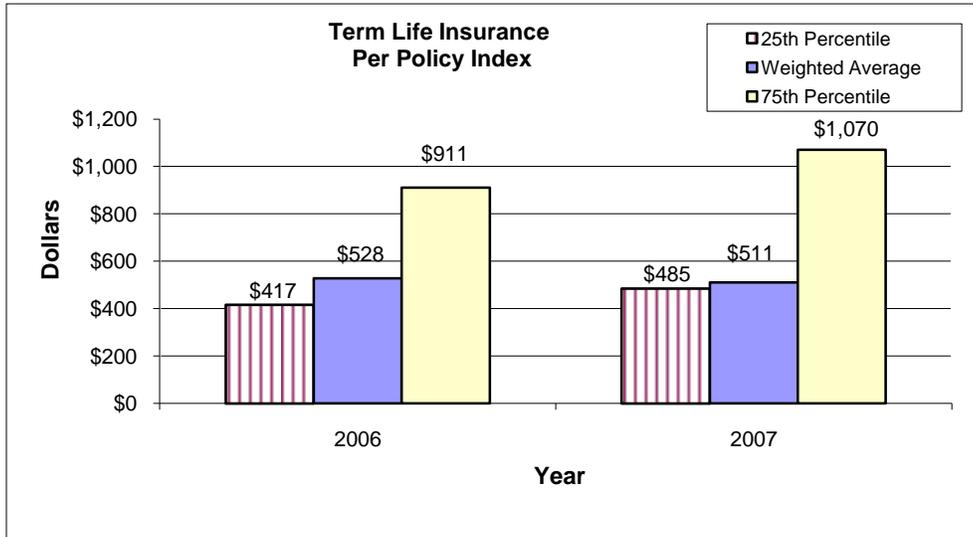
2007 Life Products
Graph 9—Non-acquisition Expense—All Distribution Systems Combined
Per Policy Inforce



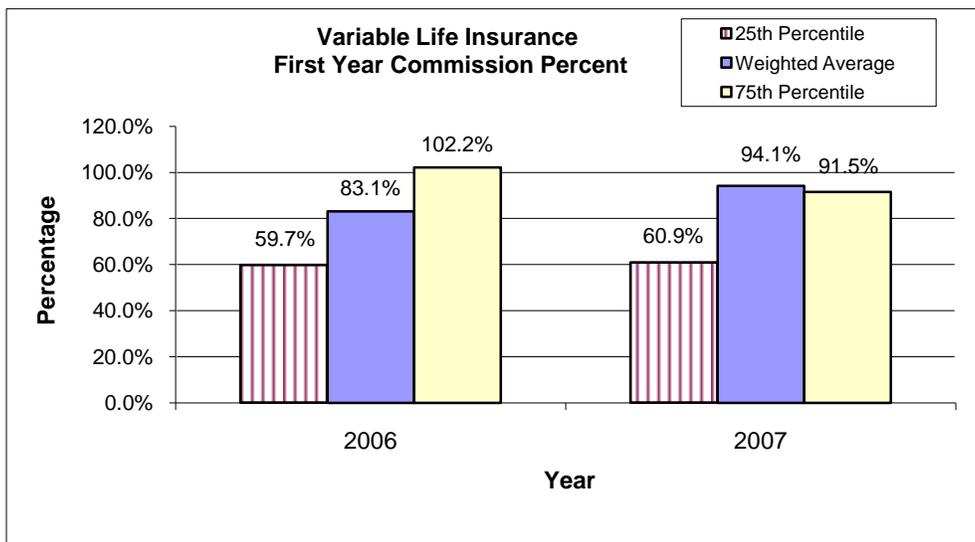
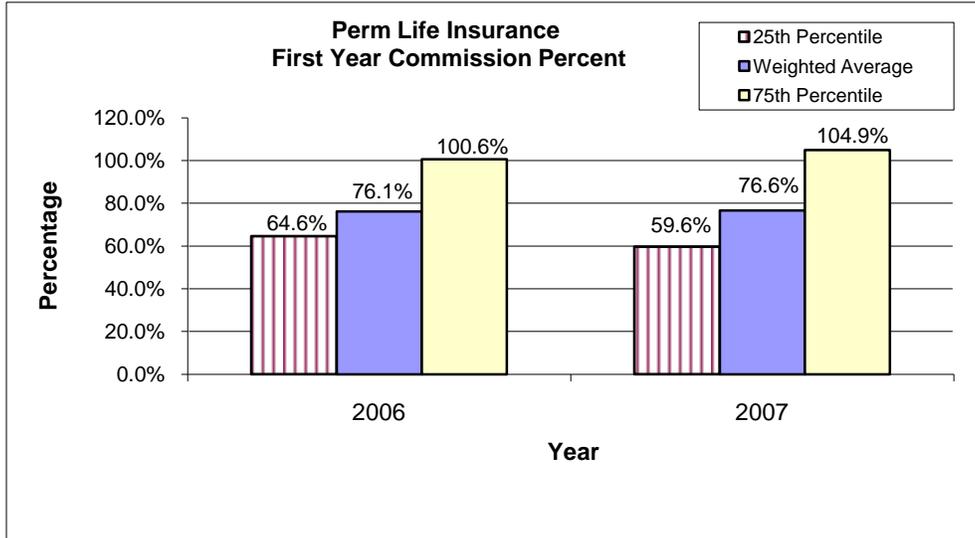
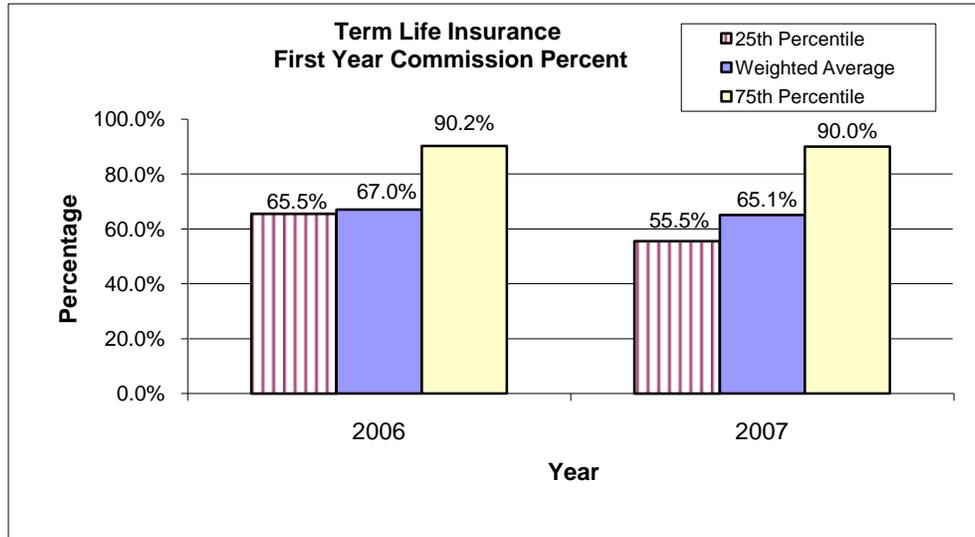
2007 Life Products
Graph 10—Acquisition Expense—All Distribution Systems Combined
Renewal Commission Percent



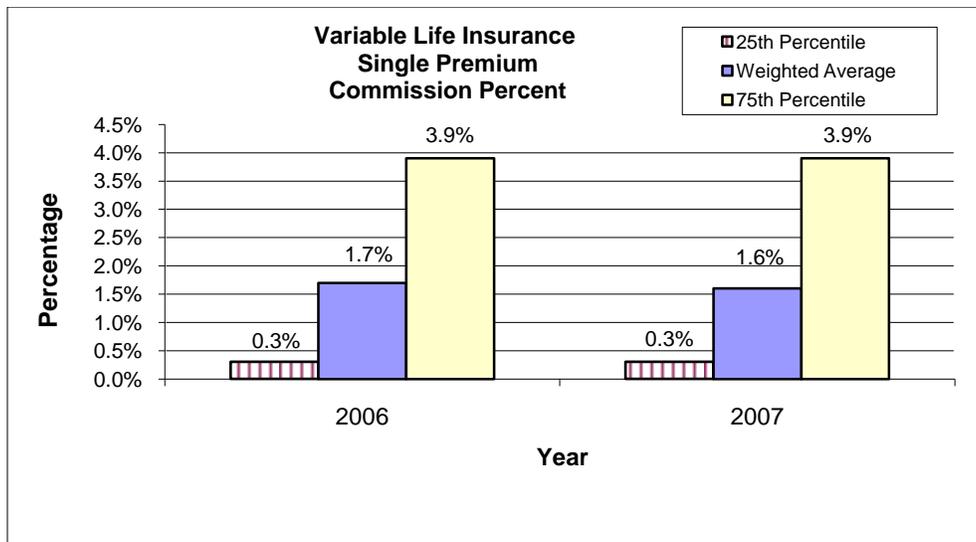
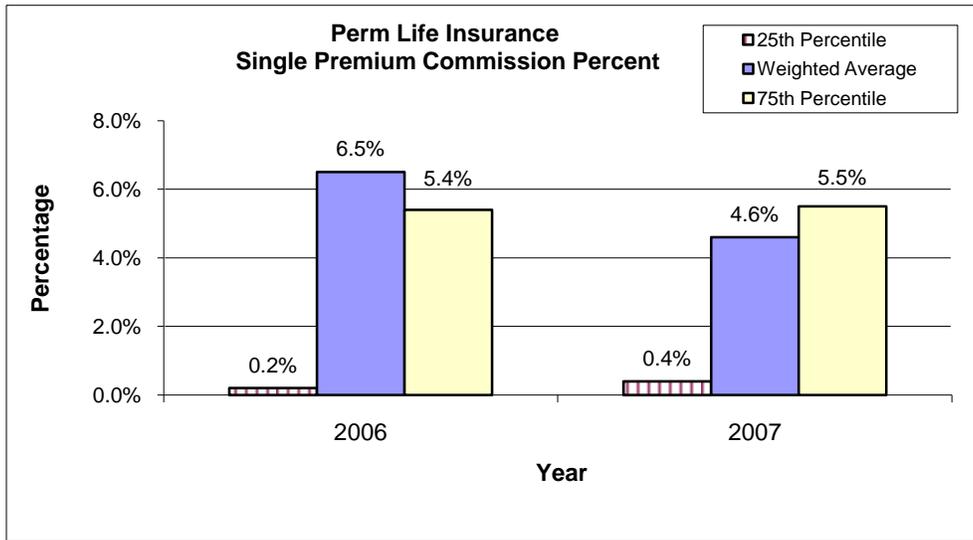
**Graph 11—Comparison of 2006 & 2007 Results
Based on only Companies Contributing in both 2006 & 2007
Acquisition—All Distribution Systems Combined
Per Policy Index**



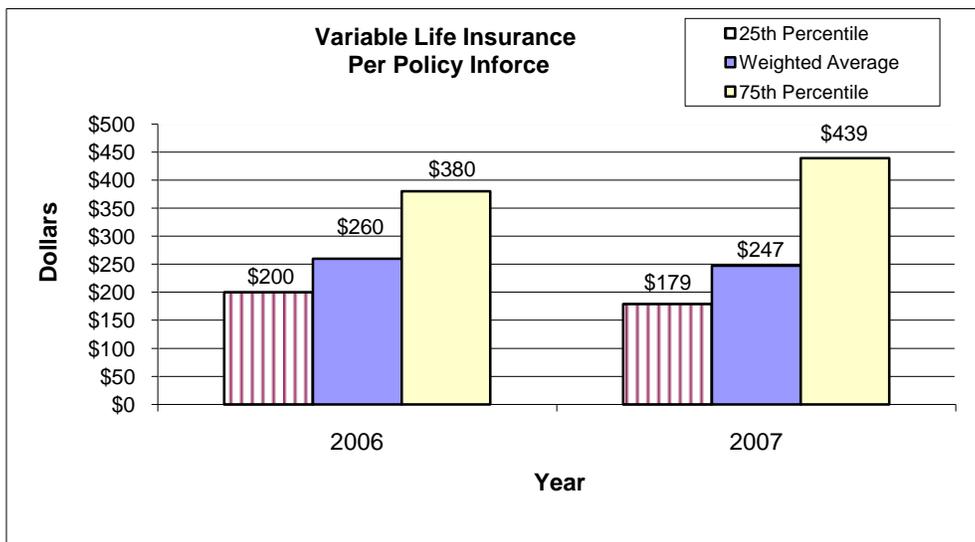
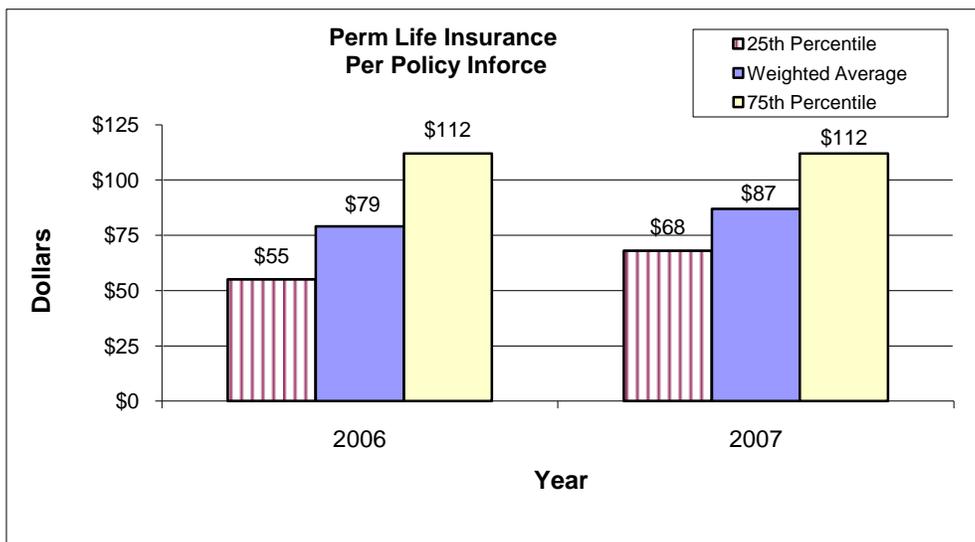
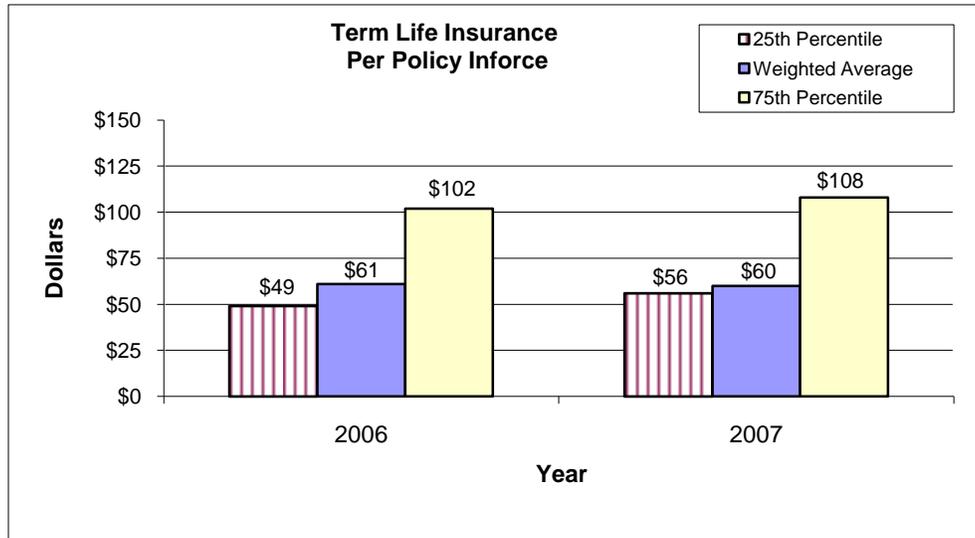
**Graph 12—Comparison of 2006 & 2007 Results
Based on only Companies Contributing in both 2006 & 2007
Acquisition—All Distribution Systems Combined
First Year Commission Percent**



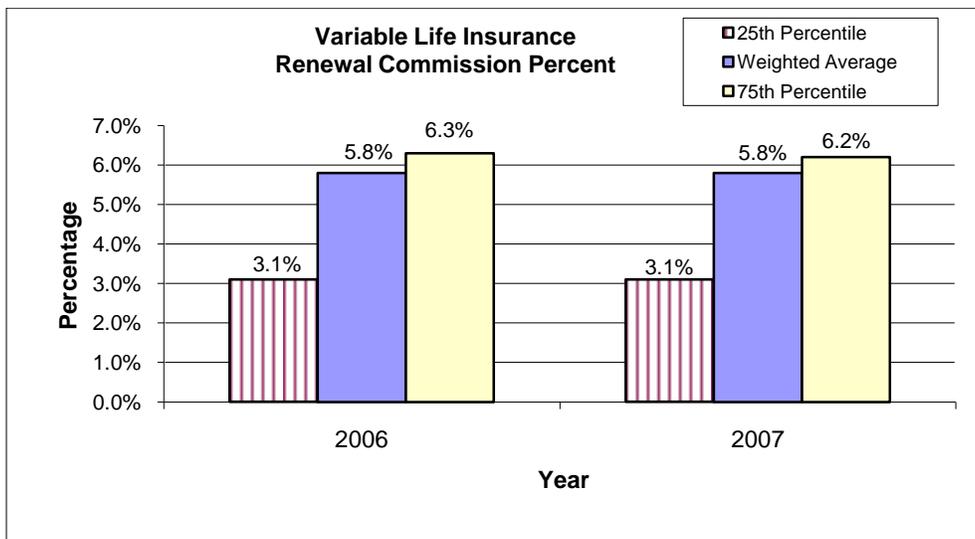
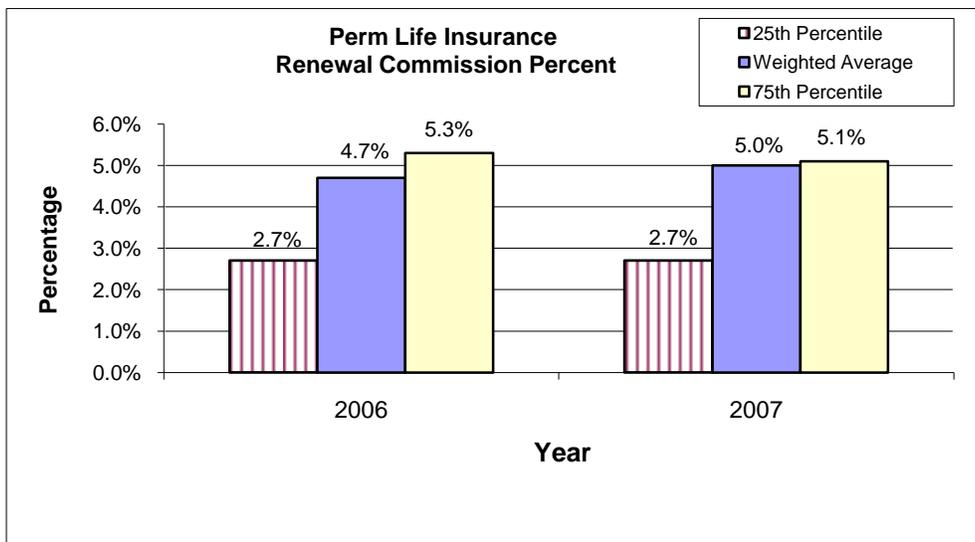
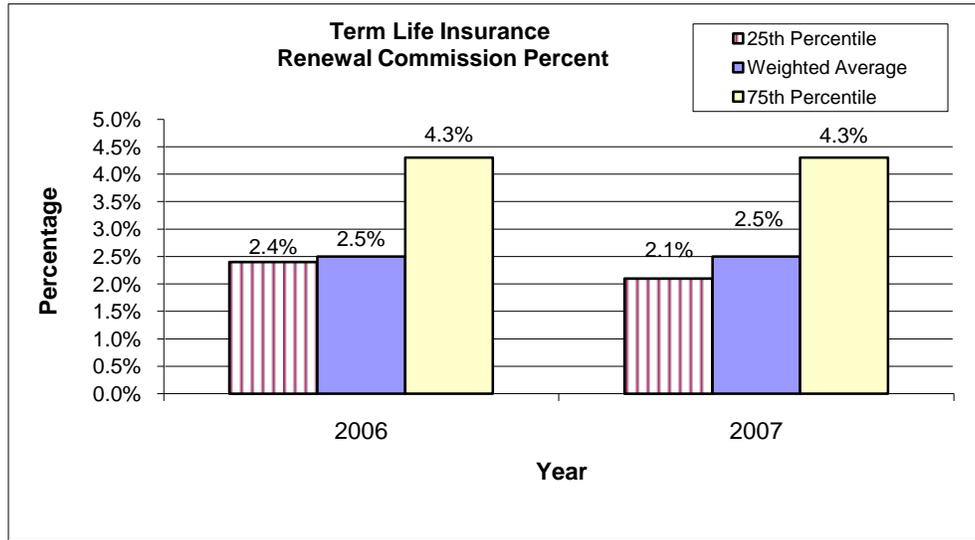
**Graph 13—Comparison of 2006 & 2007 Results
Based on only Companies Contributing in both 2006 & 2007
Acquisition—All Distribution Systems Combined
Single Premium Commission Percent**



**Graph 14—Comparison of 2006 & 2007 Results
Based on only Companies Contributing in both 2006 & 2007
Non-acquisition—All Distribution Systems Combined
Per Policy Inforce**



**Graph 15—Comparison of 2006 & 2007 Results
Based on only Companies Contributing in both 2006 & 2007
Acquisition—All Distribution Systems Combined
Renewal Commission Percent**



2007 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 10

Fixed Deferred Annuity

CAREER

Number of Companies =10

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$311	2.9%	\$1,596	3.4%	3.7%
Unweighted Average	\$230	3.5%	\$1,217	4.1%	3.5%
Median	\$249	3.1%	\$744	3.4%	3.4%
25th Percentile	\$88	1.7%	\$405	3.0%	2.8%
75th Percentile	\$282	4.7%	\$1,775	4.4%	4.0%

BROKERAGE

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	\$168	0.4%	\$379	7.8%	5.8%
Unweighted Average	\$289	1.3%	\$638	6.7%	11.9%
Median	\$195	0.6%	\$586	6.0%	5.5%
25th Percentile	\$120	0.4%	\$419	5.5%	4.0%
75th Percentile	\$401	1.2%	\$861	7.8%	6.9%

TOTAL

Number of Companies =24

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$201	1.1%	\$875	6.5%	8.6%
Unweighted Average	\$374	3.1%	\$1,440	5.2%	9.4%
Median	\$242	1.5%	\$736	4.7%	4.1%
25th Percentile	\$119	0.7%	\$497	3.6%	3.2%
75th Percentile	\$444	3.5%	\$1,333	6.3%	8.0%

TOTAL

Number of Companies =24

	Non-Acquisition All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Annuitized Contract	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$107	\$30	\$8	0.1%	\$41,028
Unweighted Average	\$107	\$39	\$27	0.3%	\$32,515
Median	\$75	N/A	N/A	0.1%	\$30,402
25th Percentile	\$62	N/A	N/A	0.0%	\$18,927
75th Percentile	\$130	N/A	N/A	0.2%	\$50,262

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

2007 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 11

Fixed Immediate Annuity

CAREER

Number of Companies =8

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$282	1.6%	\$1,250	1.7%	N/A
Unweighted Average	\$245	6.6%	\$2,313	6.2%	N/A
Median	\$275	2.3%	\$1,518	3.5%	N/A
25th Percentile	\$36	0.1%	\$117	2.8%	N/A
75th Percentile	\$387	6.8%	\$3,281	5.3%	N/A

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	\$192	0.3%	\$395	4.9%	N/A
Unweighted Average	\$381	0.3%	\$723	3.7%	N/A
Median	\$189	0.4%	\$490	4.0%	N/A

TOTAL

Number of Companies =18

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$259	1.3%	\$1,108	2.3%	N/A
Unweighted Average	\$270	3.3%	\$1,478	5.1%	N/A
Median	\$232	0.4%	\$866	3.8%	N/A
25th Percentile	\$106	0.1%	\$272	1.9%	N/A
75th Percentile	\$401	1.9%	\$1,555	5.3%	N/A

TOTAL

Number of Companies =18

	Non-Acquisition All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Reserve Amount
Weighted Average	\$77	N/A	\$2	0.0%	\$40,952
Unweighted Average	\$119	N/A	\$30	0.1%	\$87,501
Median	\$88	N/A	N/A	0.0%	\$36,824
25th Percentile	\$55	N/A	N/A	0.0%	\$34,774
75th Percentile	\$129	N/A	N/A	0.1%	\$57,512

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

2007 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 12

Variable 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	\$835	5.3%	\$3,389	4.5%	5.7%
Unweighted Average	\$491	3.7%	\$1,982	4.5%	5.6%
Median	\$275	3.5%	\$1,222	4.1%	4.9%
25th Percentile	\$224	2.8%	\$746	3.9%	3.4%
75th Percentile	\$616	5.0%	\$2,375	5.1%	6.8%

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	\$406	1.6%	\$1,759	6.9%	6.7%
Unweighted Average	\$444	3.5%	\$1,806	4.7%	7.1%
Median	\$275	2.9%	\$1,117	4.2%	7.2%
25th Percentile	\$215	1.8%	\$677	3.9%	4.5%
75th Percentile	\$605	4.9%	\$2,375	5.2%	8.8%

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 Account Balance
Weighted Average	\$174	\$21	\$4	0.0%	\$55,376
Unweighted Average	\$226	\$47	\$9	0.2%	\$39,919
Median	\$237	N/A	N/A	0.1%	\$39,216
25th Percentile	\$159	N/A	N/A	0.0%	\$27,003
75th Percentile	\$282	N/A	N/A	0.4%	\$51,647

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

2007 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY
TABLE 13—WEIGHTED AVERAGES—INDIVIDUAL ANNUITY PRODUCTS

CAREER

	Number of Companies	Acquisition			Commission Percent	
		Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Fixed Deferred Annuity	10	\$311	2.9%	\$1,596	3.4%	3.7%
Fixed Immediate Annuity	8	\$282	1.6%	\$1,250	1.7%	N/A
Variable Deferred Annuity	7	\$832	5.3%	\$3,389	4.5%	5.7%
TOTAL	10	\$524	3.4%	\$2,254	3.3%	4.9%

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	7	\$168	0.4%	\$379	7.8%	5.8%
Fixed Immediate Annuity	5	\$192	0.3%	\$395	4.9%	N/A
TOTAL	7	\$169	0.4%	\$381	7.7%	5.8%

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	24	\$201	1.1%	\$875	6.5%	8.6%
Fixed Immediate Annuity	18	\$259	1.3%	\$1,108	2.3%	N/A
Variable Deferred Annuity	11	\$406	1.6%	\$1,759	6.8%	6.7%
TOTAL	24	\$288	1.3%	\$1,202	6.4%	7.4%

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	24	\$107	\$30	\$8	0.1%	\$41,028
Fixed Immediate Annuity	18	\$77	N/A	\$2	0.0%	\$40,952
Variable Deferred Annuity	11	\$174	\$21	\$4	0.0%	\$55,376
TOTAL	24	\$121	\$27	\$6	0.1%	\$44,542

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

2007 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 14

Fixed Deferred Annuity

SMALL

Number of Companies = 12

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$241	2.8%	\$890	4.6%	4.7%
Unweighted Average	\$317	2.6%	\$922	4.3%	8.0%
Median	\$242	1.6%	\$686	3.6%	3.4%
25th Percentile	\$69	1.3%	\$429	3.2%	2.5%
75th Percentile	\$334	3.5%	\$1,169	4.5%	4.9%

SMALL

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	\$58	\$47	\$10	0.2%	\$18,463
Unweighted Average	\$65	\$46	\$20	0.4%	\$20,084
Median	\$72	N/A	N/A	0.1%	\$19,958
25th Percentile	\$46	N/A	N/A	0.0%	\$9,977
75th Percentile	\$75	N/A	N/A	0.5%	\$28,838

MEDIUM

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	\$202	1.0%	\$709	7.2%	8.6%
Unweighted Average	\$559	5.3%	\$2,488	5.9%	8.1%
Median	\$252	1.5%	\$1,199	5.4%	6.0%
25th Percentile	\$197	0.6%	\$626	4.6%	3.8%
75th Percentile	\$625	5.3%	\$2,588	5.9%	7.5%

MEDIUM

Number of Companies = 7

	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	\$43	\$17	0.1%	\$36,794
Unweighted Average	\$175	\$34	\$49	0.3%	\$42,436
Median	\$168	N/A	N/A	0.1%	\$44,796
25th Percentile	\$88	N/A	N/A	0.0%	\$29,915
75th Percentile	\$255	N/A	N/A	0.3%	\$56,512

2007 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 14

Fixed Deferred Annuity

LARGE

Number of Companies =5

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$197	1.1%	\$928	6.4%	9.1%
Unweighted Average	\$240	1.2%	\$1,111	6.2%	14.5%
Median	\$168	0.8%	\$672	6.4%	8.6%

LARGE

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	\$111	\$19	\$6	0.1%	\$45,680
Unweighted Average	\$112	\$26	\$16	0.1%	\$48,460
Median	\$130	N/A	N/A	0.1%	\$50,721

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

2007 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 15

Fixed Immediate Annuity

SMALL

Number of Companies = 10

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$363	2.3%	\$1,638	3.2%	N/A
Unweighted Average	\$249	3.8%	\$1,781	5.6%	N/A
Median	\$269	0.3%	\$866	3.5%	N/A
25th Percentile	\$48	0.1%	\$131	1.9%	N/A
75th Percentile	\$401	3.1%	\$1,817	5.3%	N/A

SMALL

Number of Companies = 10

	Non-Acquisition				
	All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$79	N/A	\$8	0.6%	\$97,482
Unweighted Average	\$104	N/A	\$50	0.1%	\$108,964
Median	\$88	N/A	N/A	0.0%	\$35,772
25th Percentile	\$55	N/A	N/A	0.0%	\$34,466
75th Percentile	\$124	N/A	N/A	0.2%	\$45,372

LARGE

Number of Companies =5

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$256	1.3%	\$1,113	2.1%	N/A
Unweighted Average	\$158	0.7%	\$691	4.4%	N/A
Median	\$108	0.3%	\$301	4.0%	N/A

LARGE

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	\$74	N/A	\$2	0.0%	\$37,547
Unweighted Average	\$66	N/A	\$11	0.0%	\$38,873
Median	\$61	N/A	N/A	0.0%	\$36,747

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

2007 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 16

Variable Deferred Annuity

SMALL

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	\$258	1.8%	\$882	3.8%	3.6%
Unweighted Average	\$332	3.2%	\$1,286	3.8%	5.5%
Median	\$233	3.1%	\$982	3.9%	3.2%

SMALL

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	\$214	\$29	\$64	0.2%	\$25,756
Unweighted Average	\$258	\$110	\$4	0.3%	\$22,068
Median	\$279	N/A	N/A	0.1%	\$22,136

MEDIUM

Number of Companies = 4

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Weighted Average	\$403	4.8%	\$1,771	5.0%	5.4%
Unweighted Average	\$384	4.4%	\$1,821	4.9%	6.9%
Median	\$352	3.3%	\$1,453	5.0%	7.3%

MEDIUM

Number of Companies = 4

	Non-Acquisition All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
Weighted Average	\$201	\$21	\$4	0.4%	\$35,609
Unweighted Average	\$217	\$21	\$16	0.3%	\$43,070
Median	\$202	N/A	N/A	0.3%	\$43,242

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

2007 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY
Table 17

Annuity Products - Comparison of 2006 and 2007 Unit Costs
for Companies Contributing in both 2006 and 2007

Fixed Deferred Annuity									
Number of Companies Contributing = 10									
	Acquisition		Commission Percent				Non-acquisition		
	Per Policy Index		First Year/Single Premium		Renewal		Per Policy Inforce		
	2006	2007	2006	2007	2006	2007	2006	2007	
Weighted Average	\$881	\$1,041	5.5%	5.8%	11.4%	12.7%	\$135	\$112	
25th Percentile	\$487	\$505	3.7%	3.8%	2.9%	3.6%	\$61	\$71	
75th Percentile	\$1,078	\$1,267	5.7%	6.0%	8.4%	8.6%	\$117	\$102	
25th Percentile Difference		-25%		-1%		-11%		0%	
75th Percentile Difference		53%		9%		5%		8%	

Fixed Immediate Annuity									
Number of Companies Contributing = 8									
	Acquisition		Commission Percent				Non-acquisition		
	Per Policy Index		First Year/Single Premium		Renewal		Per Policy Inforce		
	2006	2007	2006	2007	2006	2007	2006	2007	
Weighted Average	\$911	\$932	4.0%	2.3%	NA	NA	\$138	\$99	
25th Percentile	\$402	\$258	2.1%	1.5%	NA	NA	\$29	\$66	
75th Percentile	\$1,465	\$1,509	3.8%	4.2%	NA	NA	\$107	\$96	
25th Percentile Difference		-49%		-65%		NA		-21%	
75th Percentile Difference		1%		5%		NA		18%	

Variable Deferred Annuity									
Number of Companies Contributing = 5									
	Acquisition		Commission Percent				Non-acquisition		
	Per Policy Index		First Year/Single Premium		Renewal		Per Policy Inforce		
	2006	2007	2006	2007	2006	2007	2006	2007	
Weighted Average	\$643	\$1,100	7.0%	7.3%	6.2%	6.2%	\$137	\$203	
25th Percentile	\$567	\$736	3.3%	3.8%	4.1%	3.8%	\$115	\$151	
75th Percentile	\$771	\$1,117	6.3%	6.1%	6.9%	6.3%	\$170	\$221	
25th Percentile Difference		0%		-4%		-10%		-8%	
75th Percentile Difference		35%		5%		0%		12%	

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

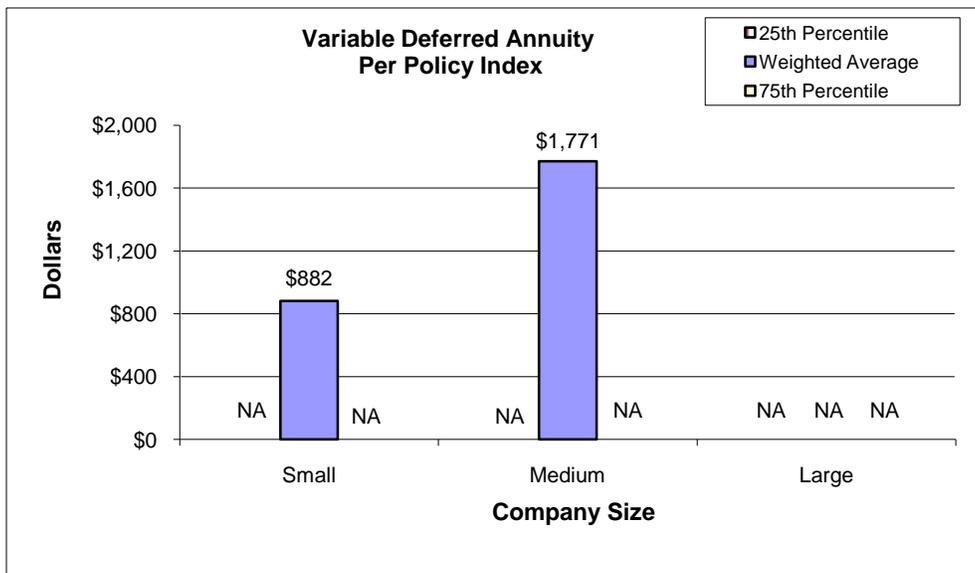
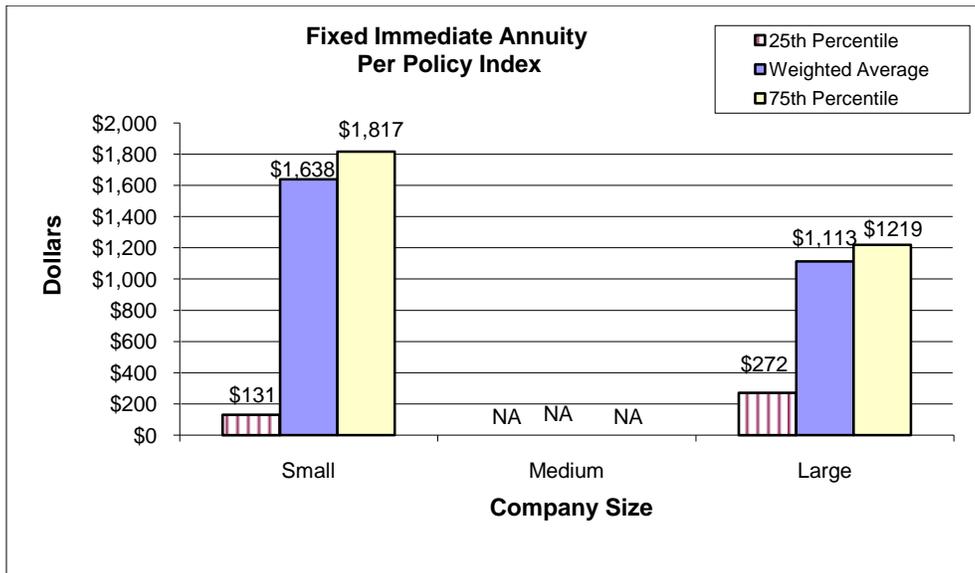
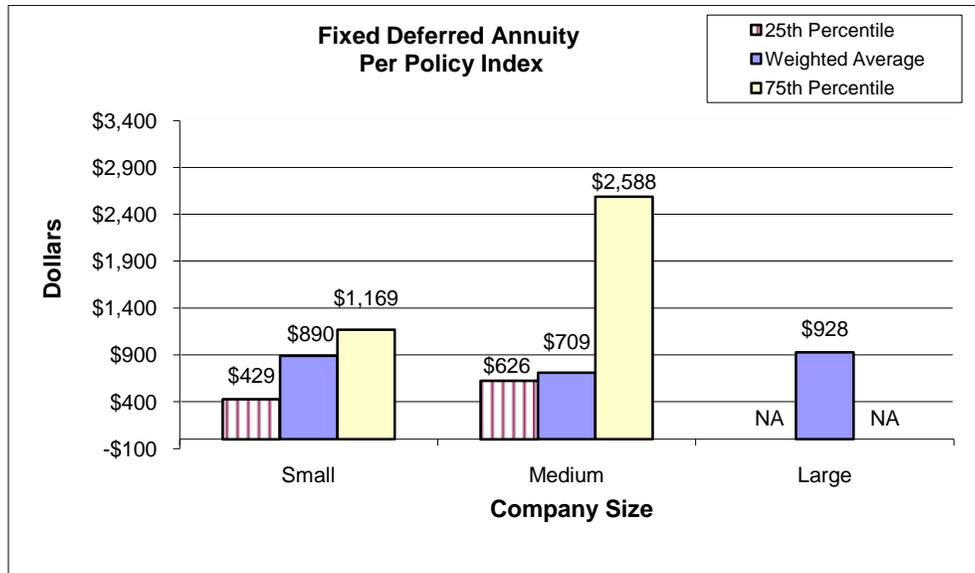
2007 SOA Expense Study
Table 18 - Total Expense Units - All Companies

	Annuity Products							
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	Total
A. New Business - Direct								
1. Policies / Contracts Issued	67,965	55,546	482	751	0	38,055	169,152	331,951
2. First Year Premium Collected	871,012,657	1,056,392,312	107,048	6,750	0	1,864,354,792	10,143,920,566	13,935,794,125
3. Single Premium Collected	2,571,738,234	2,061,783,889	27,985,449	58,576,203	0	171,588,800	4,042,232,207	8,933,904,782
B. Inforce - Direct - Current Year								
1. Policies / Contracts	1,148,404	320,807	11,479	3,320	0	399,494	1,689,268	3,572,772
2. Volume (not applicable to annuities)	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
3. Renewal Premium Collected	576,992,453	41,576,323	2,152,586	69,459	0	128,936,209	591,599,171	1,341,326,200
4. Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	162,837,161,611	162,837,161,611
C. Inforce - Direct - Previous Year								
1. Policies / Contracts	1,174,040	300,822	12,363	2,928	0	389,742	1,740,938	3,620,834
2. Renewal Premium Collected	486,546,833	38,638,290	2,948,253	45,401	0	129,741,694	531,223,137	1,189,143,607
3. Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	157,534,105,525	157,534,105,525
D. Claims/Contracts								
1. Number of Surrenders/Lapses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	252,730	252,730
2. Number of Annuity Contracts on which a Periodic Payment was made	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	1,019,842	1,019,842

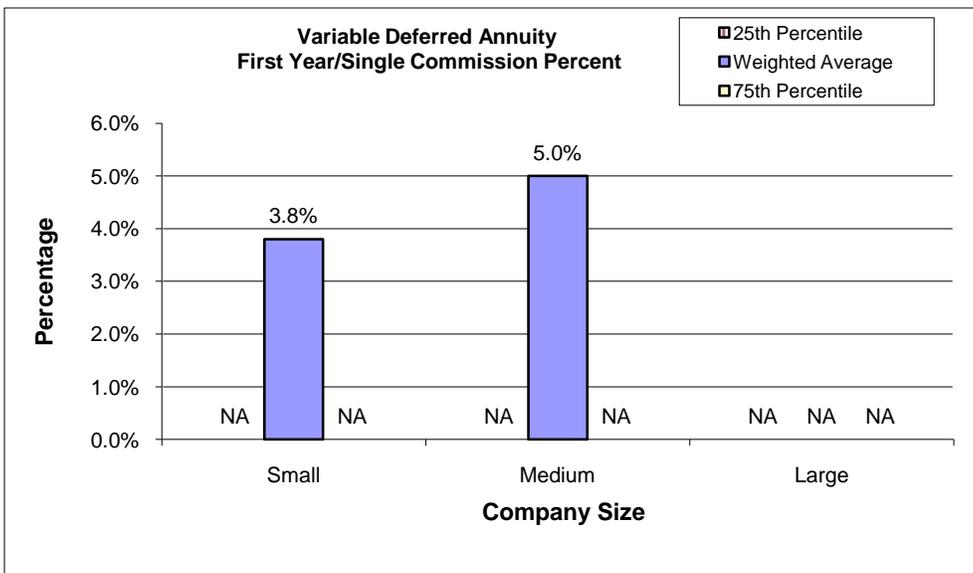
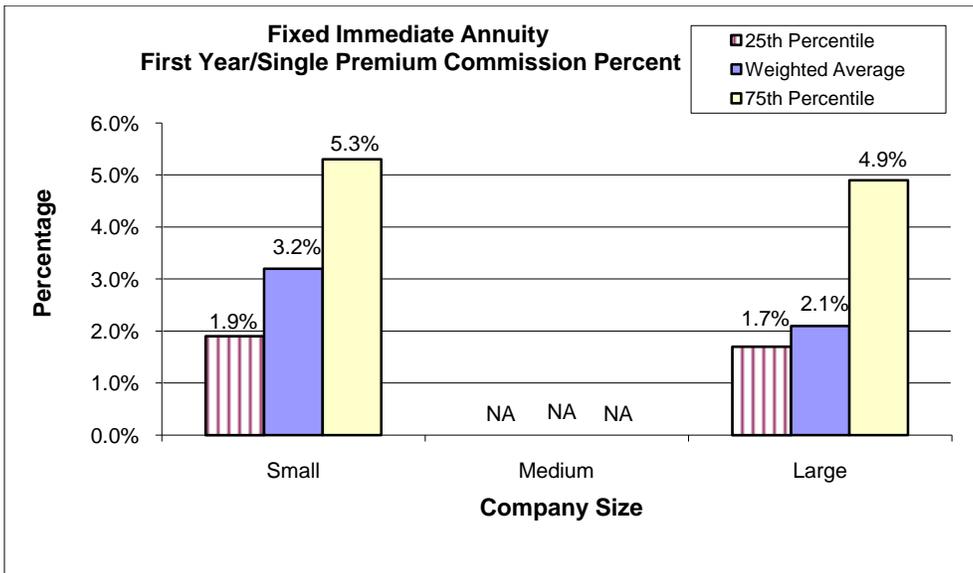
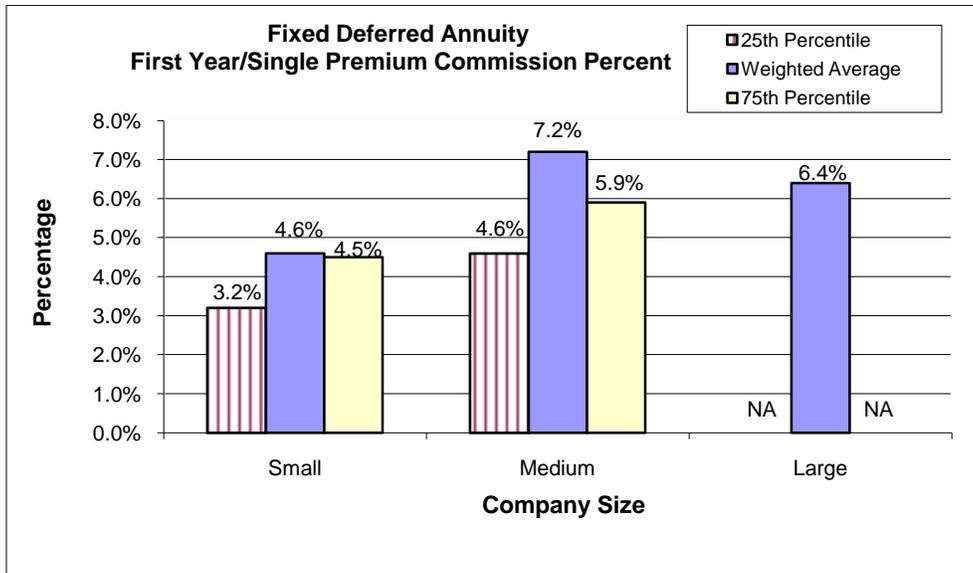
2007 SOA Expense Study
Table 18 - Total Expenses - All Companies

Function	Annuity Products							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
E. Commissions Paid								
1. First Year Commissions	57,314,685	111,122,334	1,741	200	0	160,533,258	730,578,735	1,059,550,952
2. Single Commissions	54,593,211	128,198,777	1,315,275	3,084,203	0	10,704,720	205,561,075	403,457,261
3. Renewal Commissions	28,348,057	2,417,401	181,808	1,773	0	11,450,351	57,174,888	99,574,279
F. Acquisition / Developmental Expenses Paid								
1. Sales / Marketing	102,268,428	9,451,917	250,829	166,577	0	11,740,714	149,579,461	273,457,926
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	5,023,020	4,719,910	264,048	191,483	0	3,448,570	11,617,513	25,264,544
5. Product Development	4,849,587	2,584,900	629,055	550,456	0	1,208,463	160,609	9,983,071
6. Other Acquisition - Please list	41,034,423	4,427,602	359	0	0	7,261,221	37,453,446	90,177,051
G. Other Expenses Paid								
1. Benefit Department(s) / Claim Settlement Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	7,547,023	7,547,023
2. Policyowner Services	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	60,999,984	60,999,984
3. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	6,763,944	6,763,944
4. Significant Non-recurring Expenses (specify)	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	18,749,326	18,749,326
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	335,739,835	335,739,835
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	27,584,135	27,584,135
7. Other non-overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	21,511,676	21,511,676
H. Premium Tax & Guar Assoc Assessments								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	16,208,025	16,208,025
I. Total Expenses								
	293,431,411	262,922,840	2,643,115	3,994,693	0	206,347,297	1,659,645,540	2,428,984,896

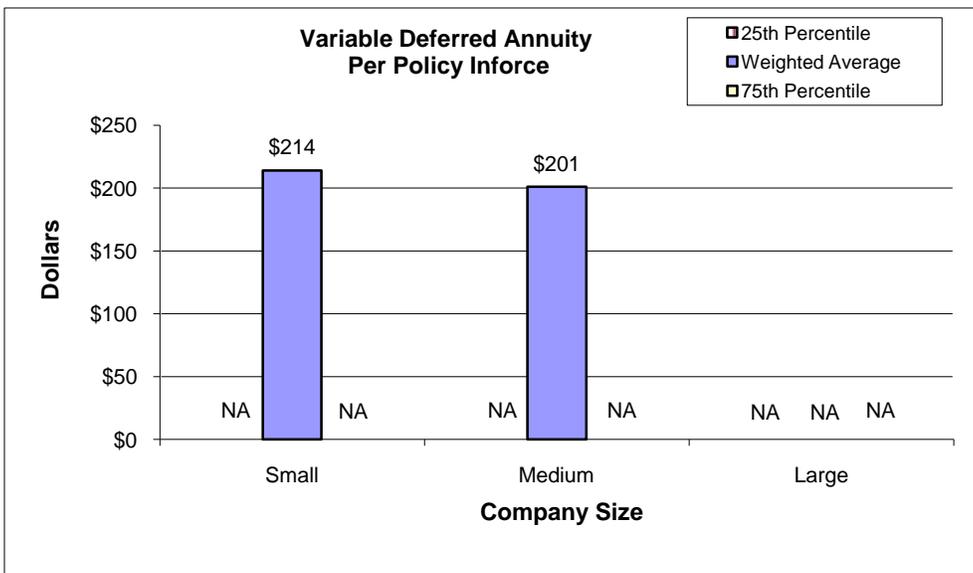
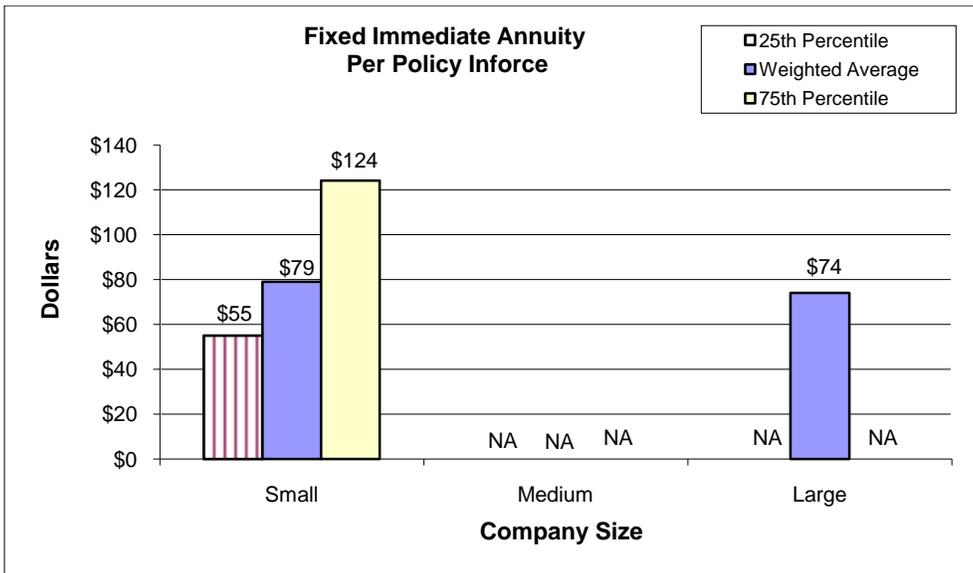
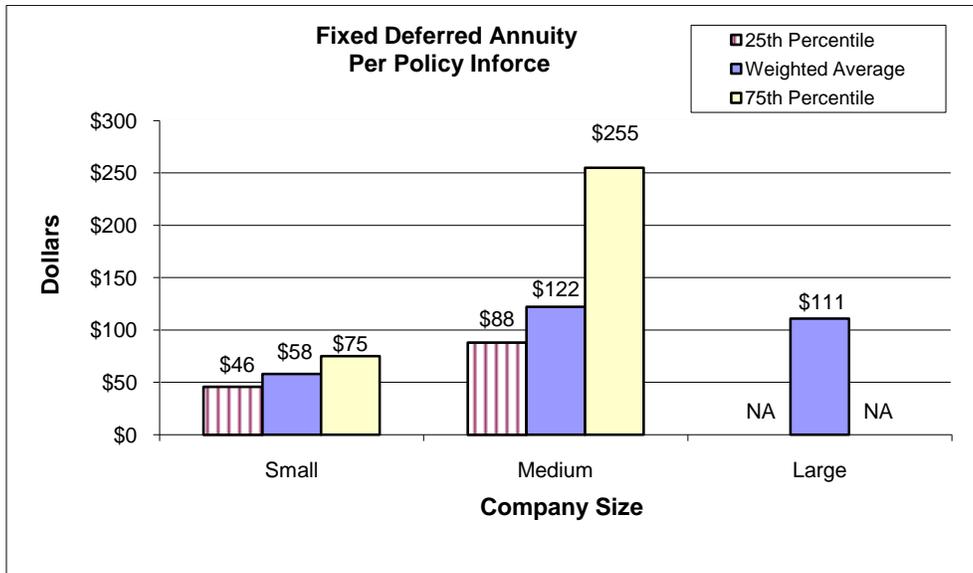
2007 Annuity Products
Graph 16—Acquisition Expense—All Distribution Systems Combined
Per Policy Index



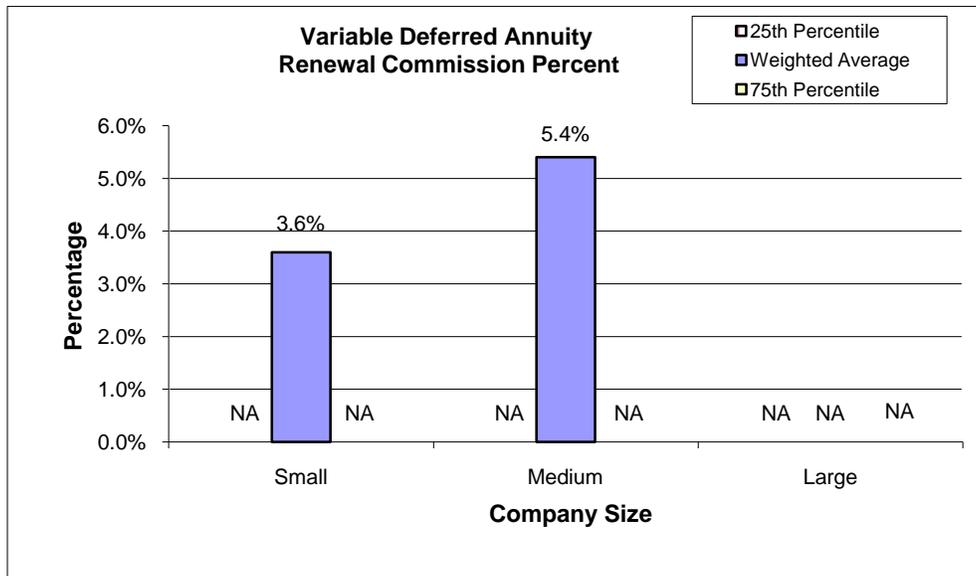
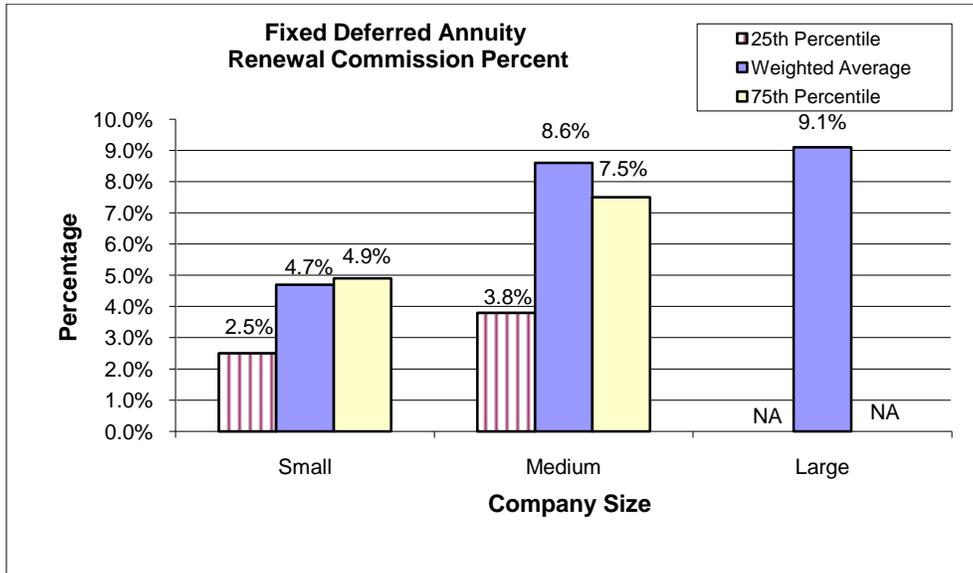
2007 Annuity Products
Graph 17—Acquisition Expense—All Distribution Systems Combined
First Year/Single Premium Commission Percent



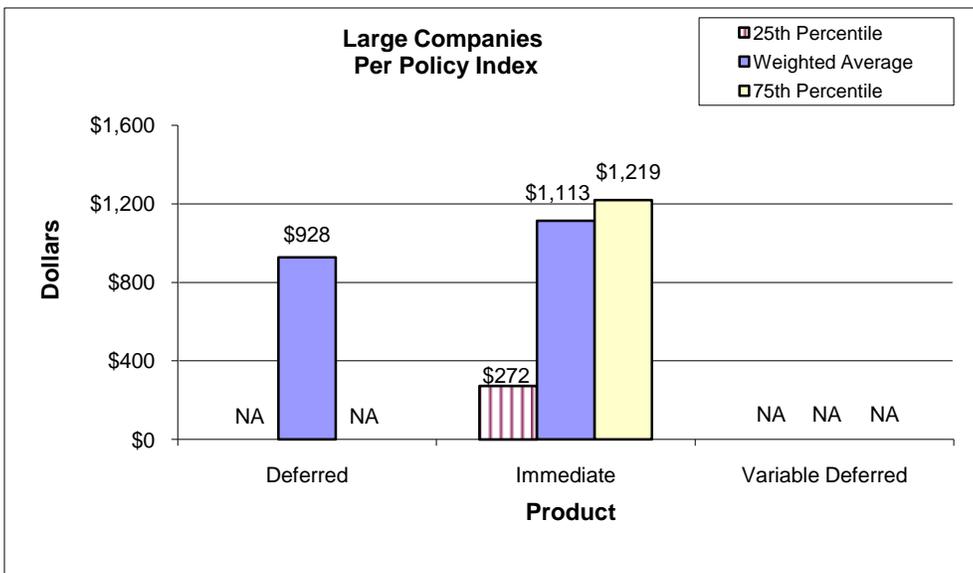
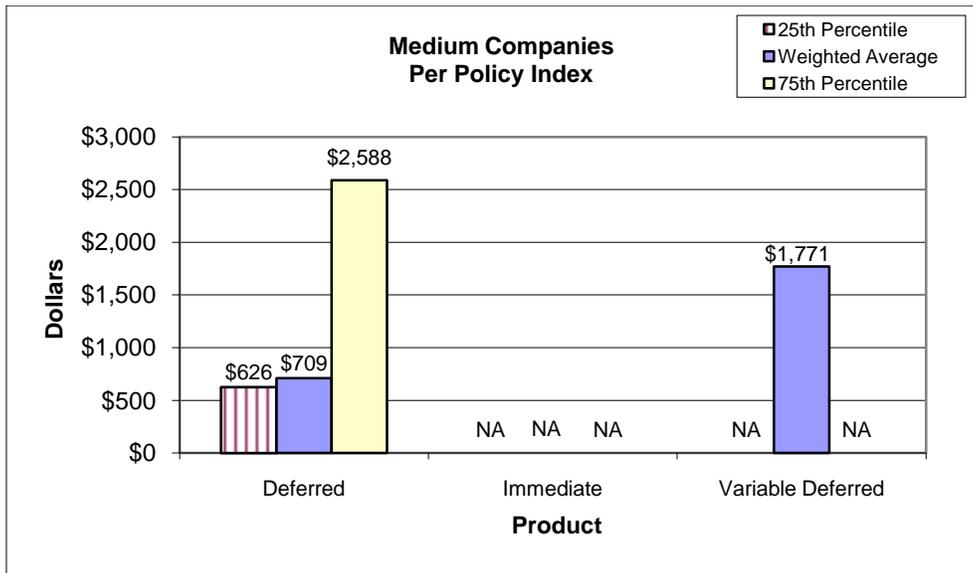
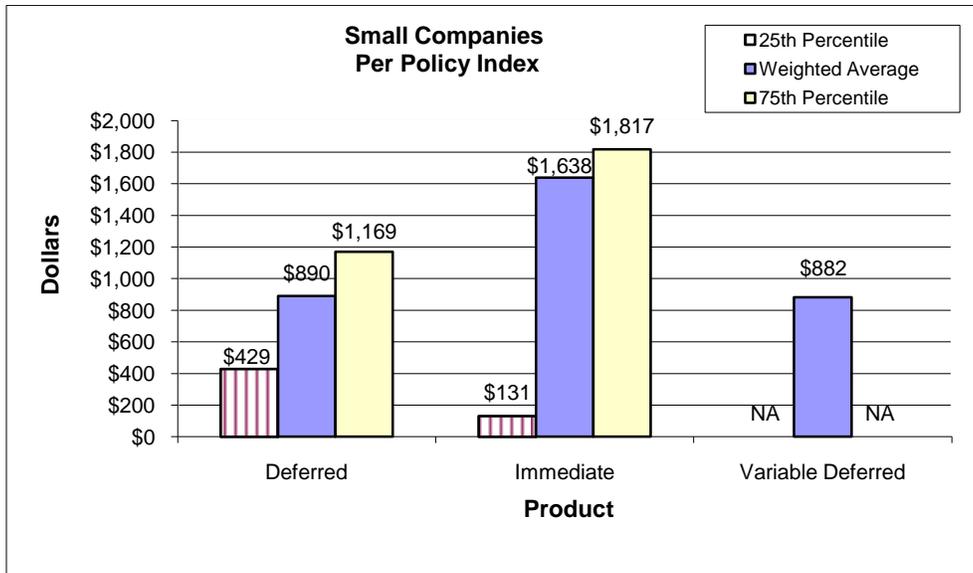
2007 Annuity Products
Graph 18—Non-acquisition Expense—All Distribution Systems Combined
Per Policy Inforce



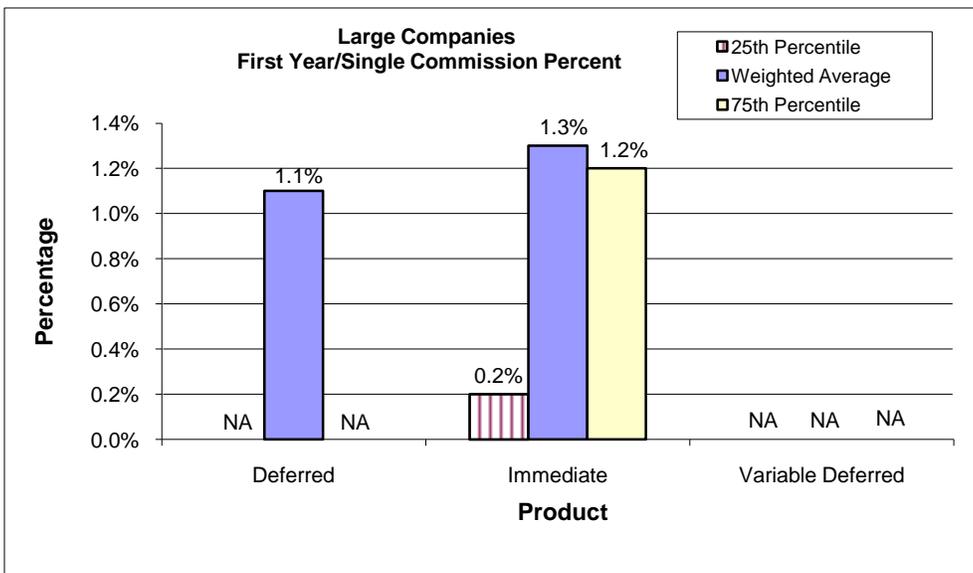
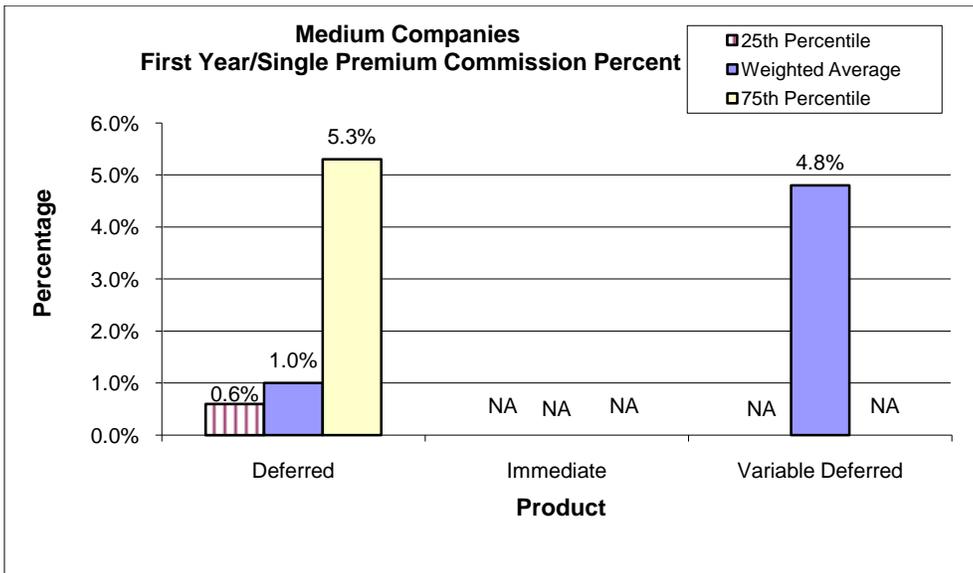
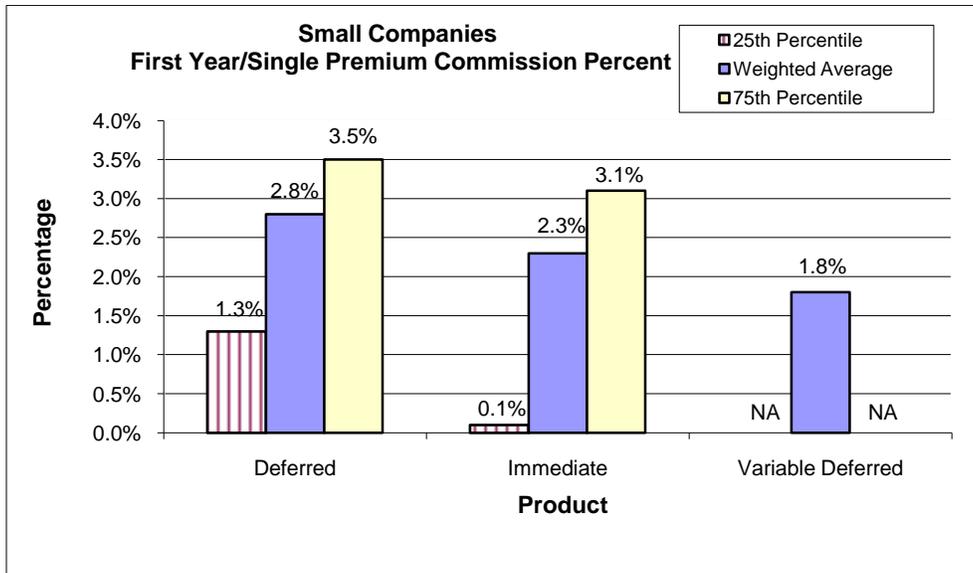
2007 Annuity Products
Graph 19—Acquisition Expense—All Distribution Systems Combined
Renewal Commission Percent



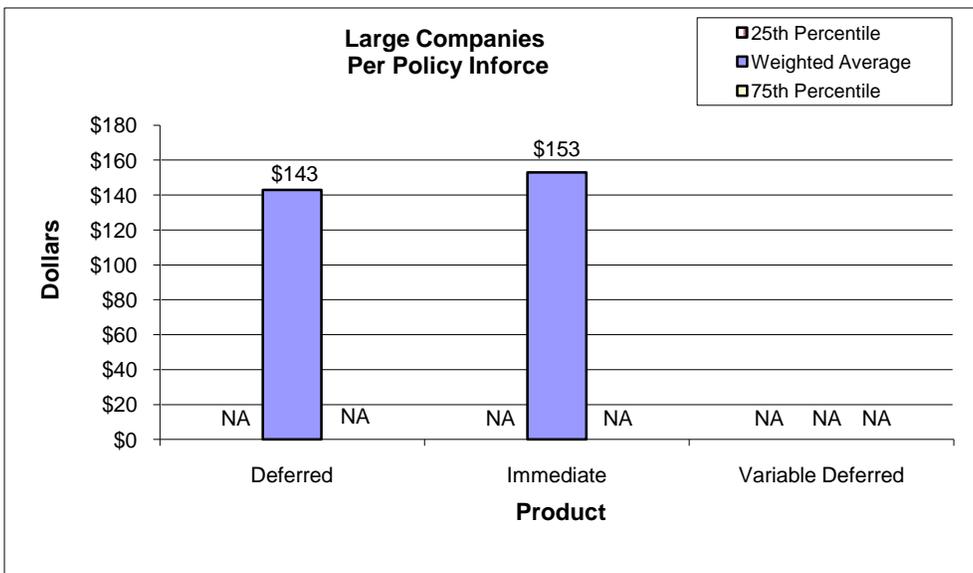
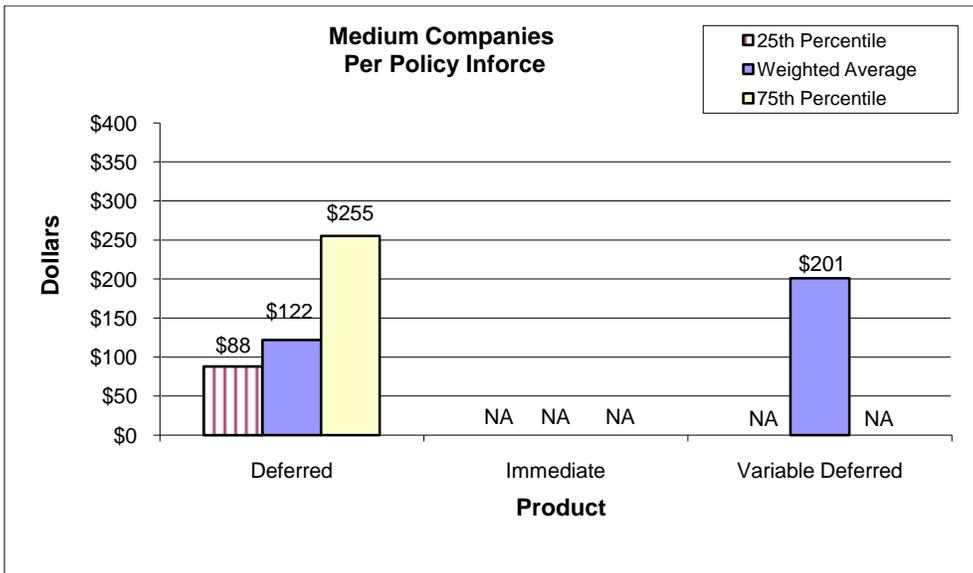
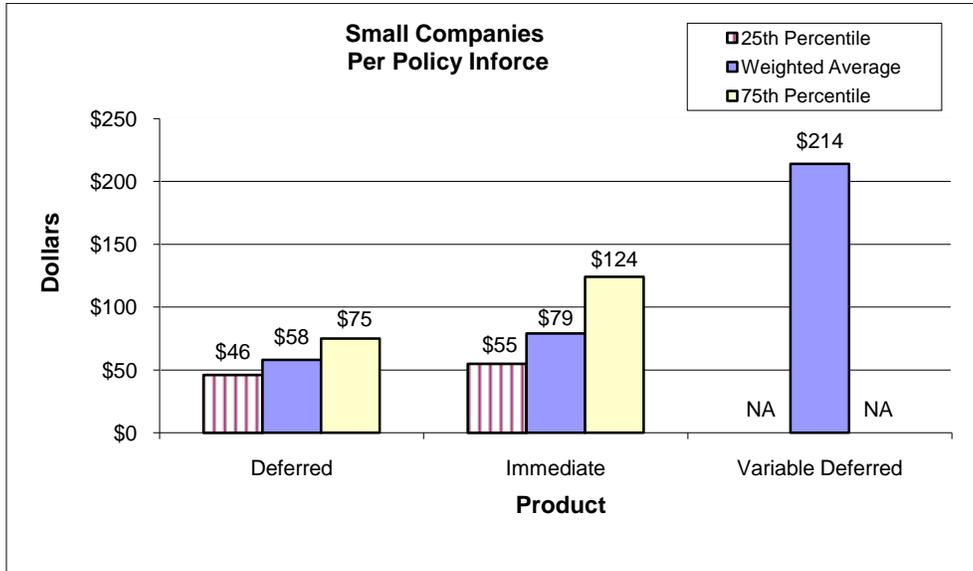
2007 Annuity Products
Graph 20—Acquisition Expense—All Distribution Systems Combined
Per Policy Index



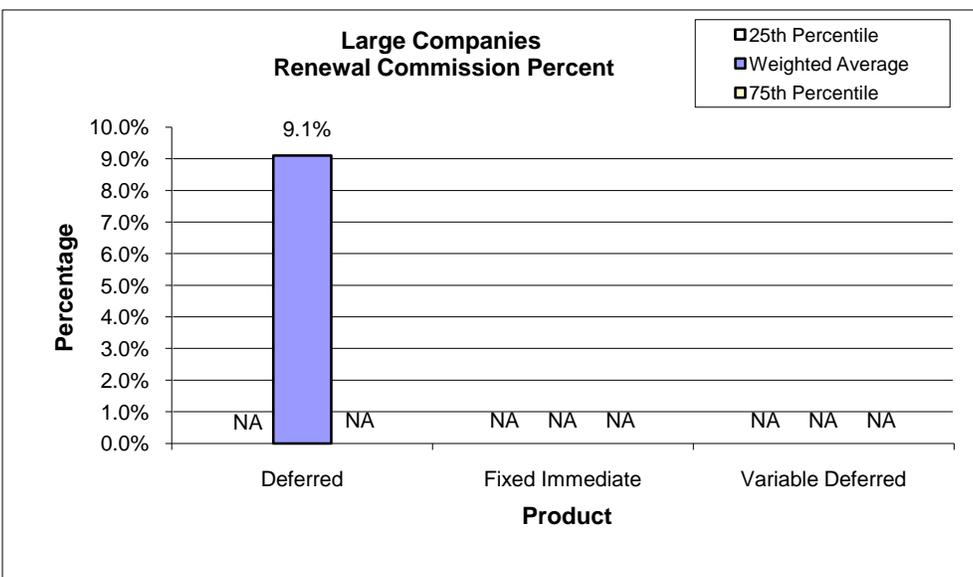
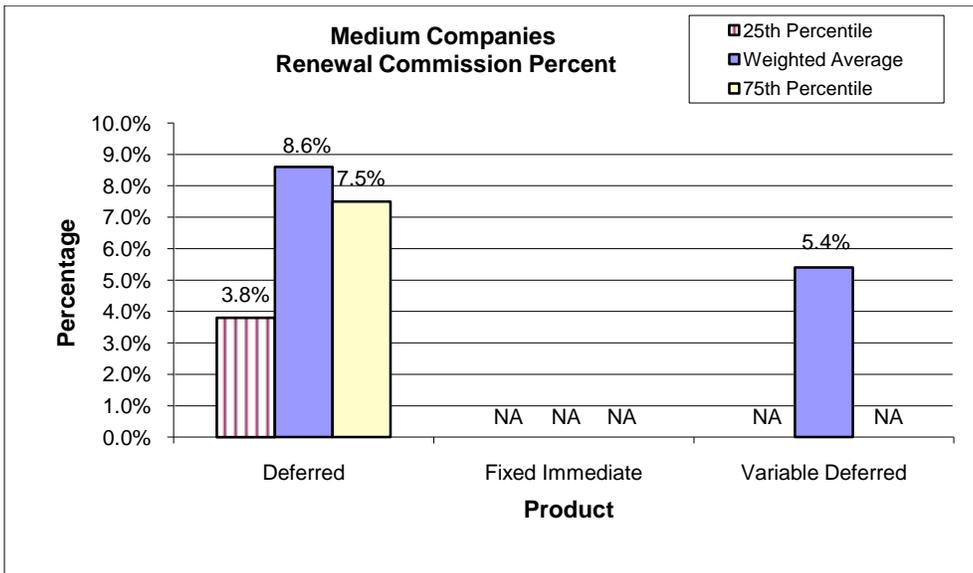
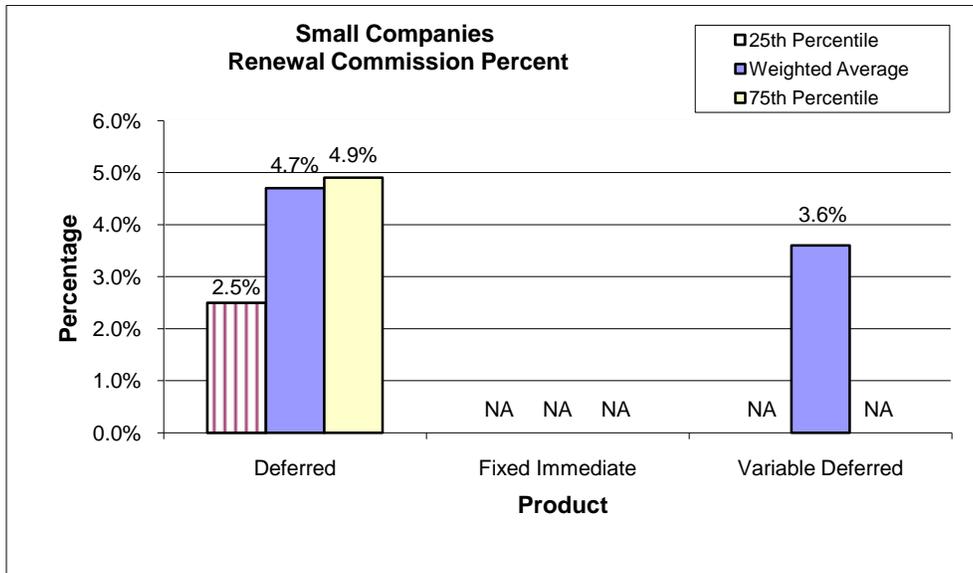
2007 Annuity Products
Graph 21—Acquisition Expense—All Distribution Systems Combined
First Year/Single Premium Commission Percent



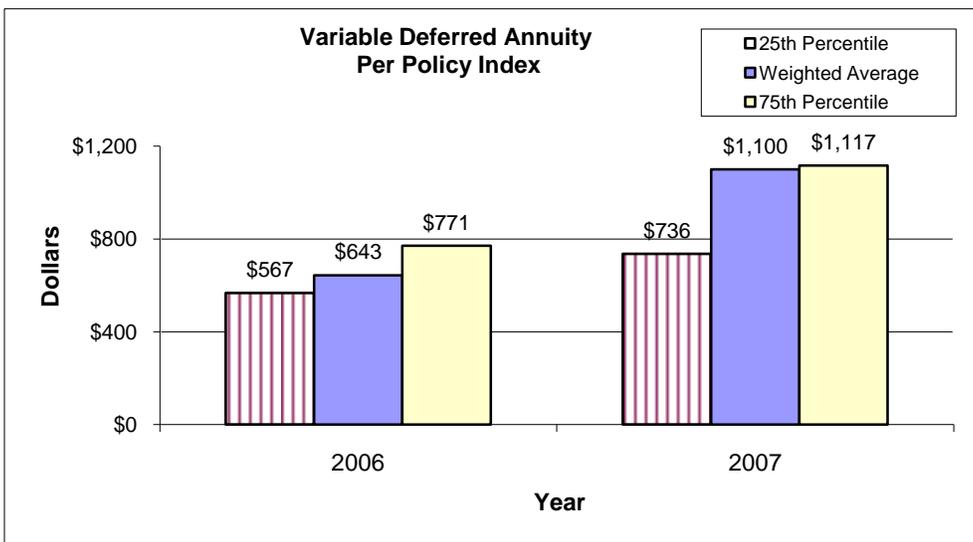
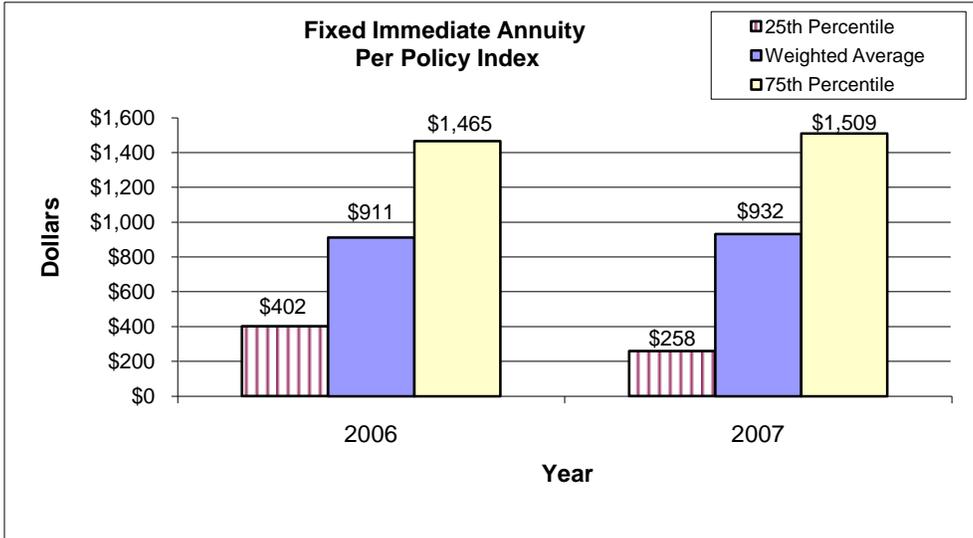
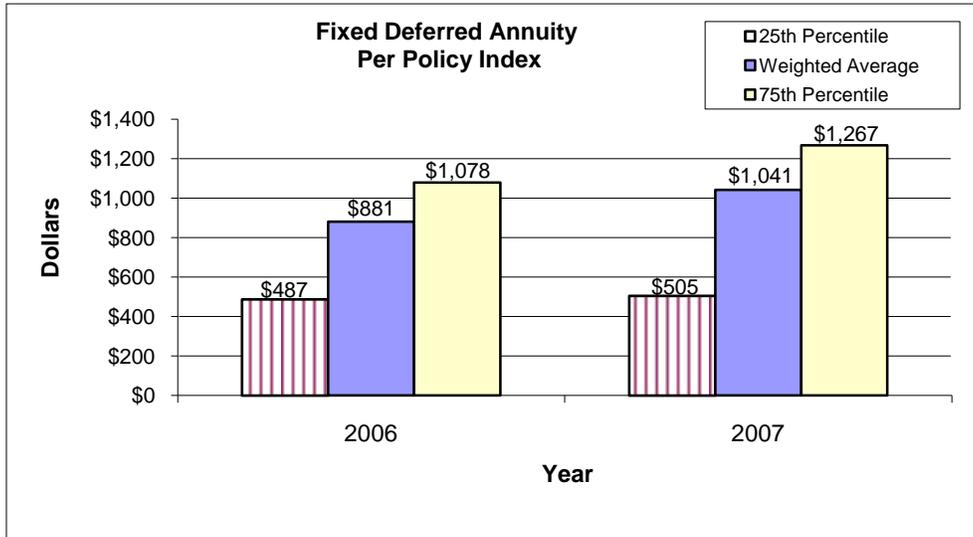
2007 Annuity Products
Graph 22—Non-acquisition Expense—All Distribution Systems Combined
Per Policy Inforce



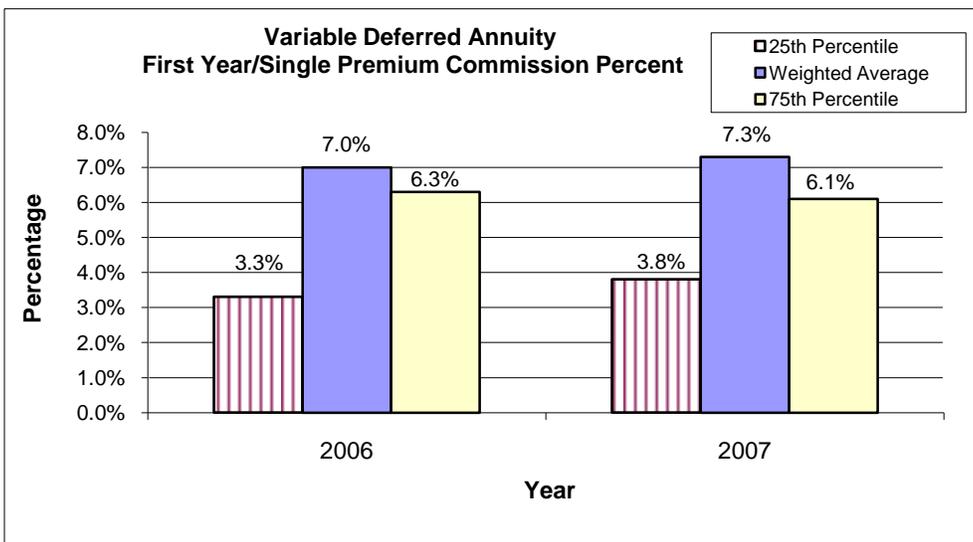
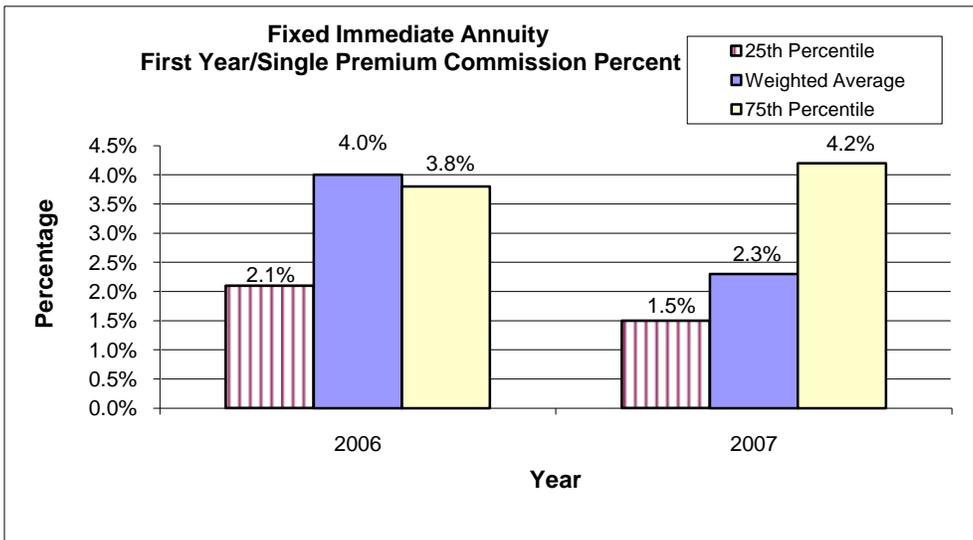
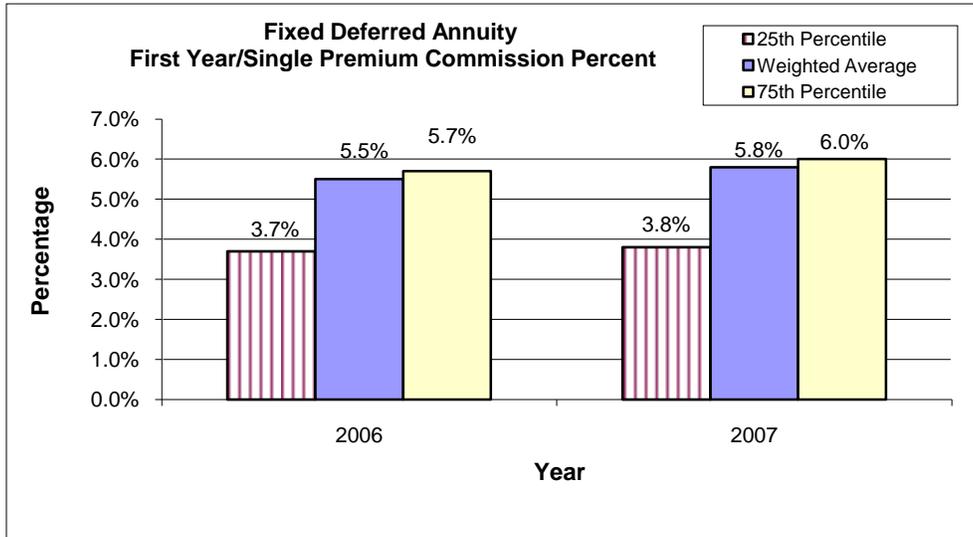
2007 Annuity Products
Graph 23—Acquisition Expense—All Distribution Systems Combined
Renewal Commission Percent



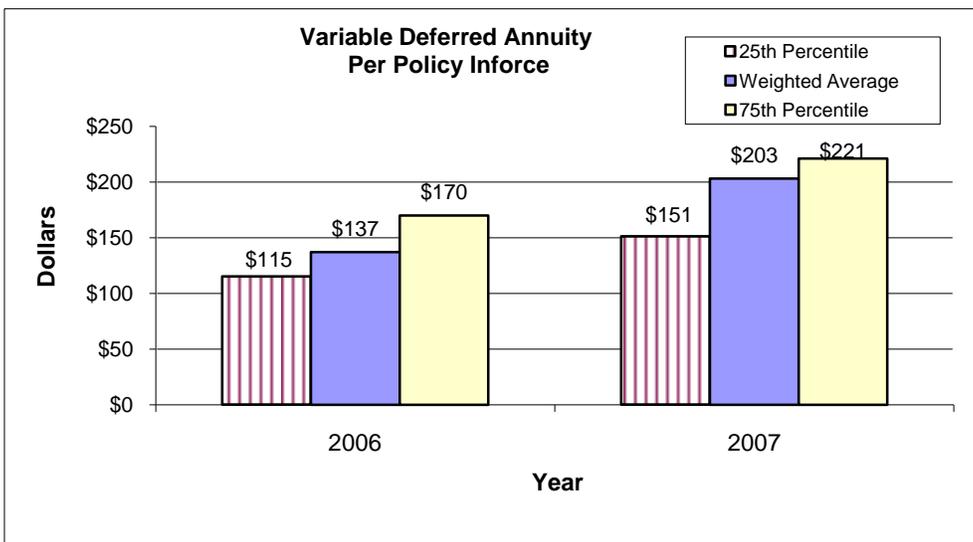
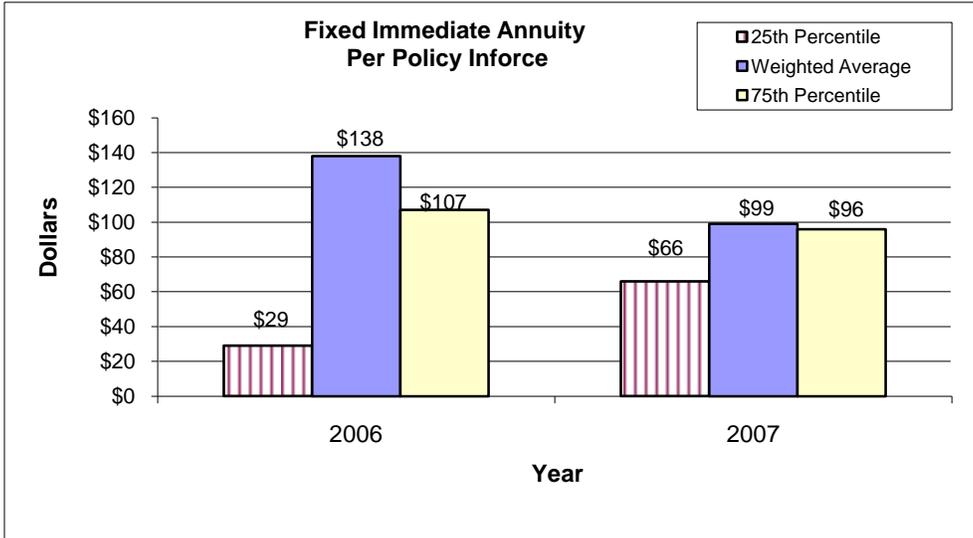
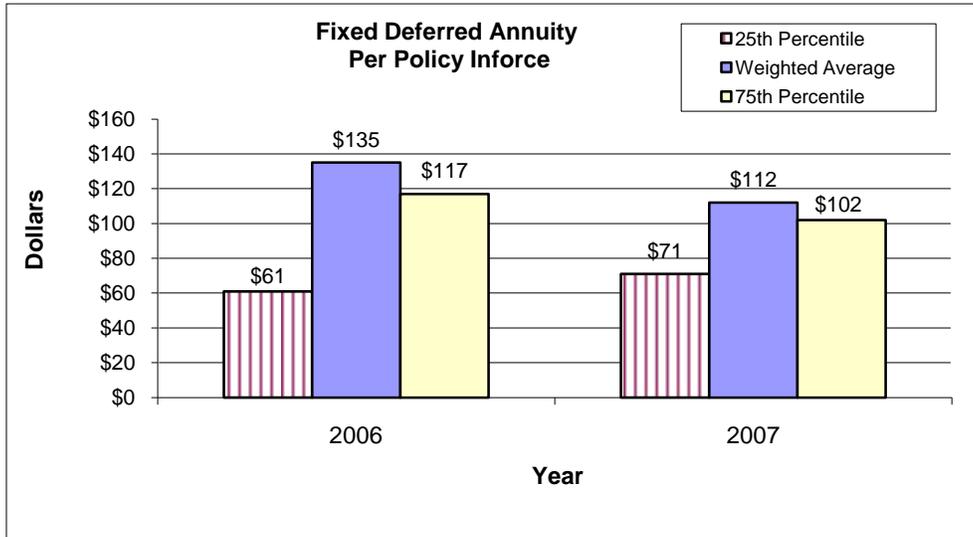
**Graph 24—Comparison of 2006 & 2007 Results
Based on only Companies Contributing in both 2006 & 2007
Acquisition—All Distribution Systems Combined
Per Policy Index**



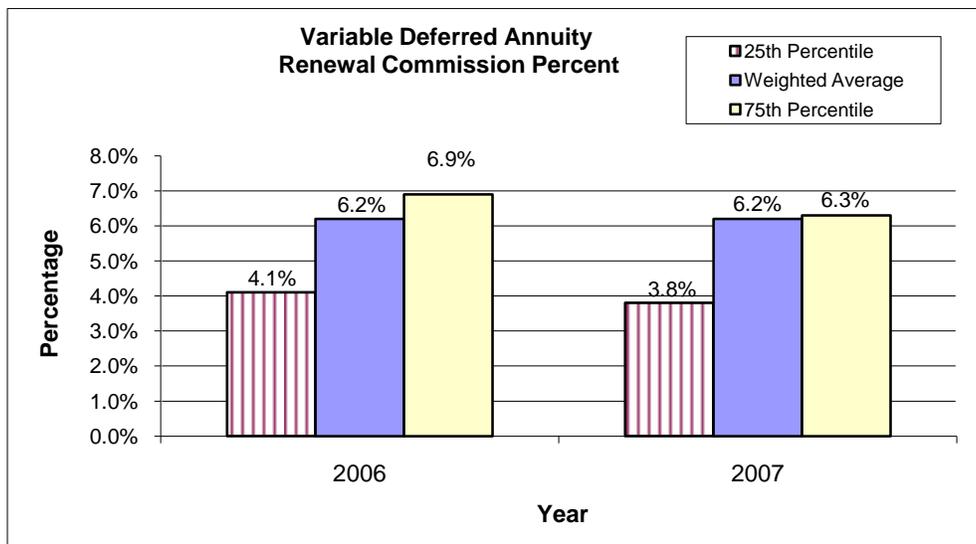
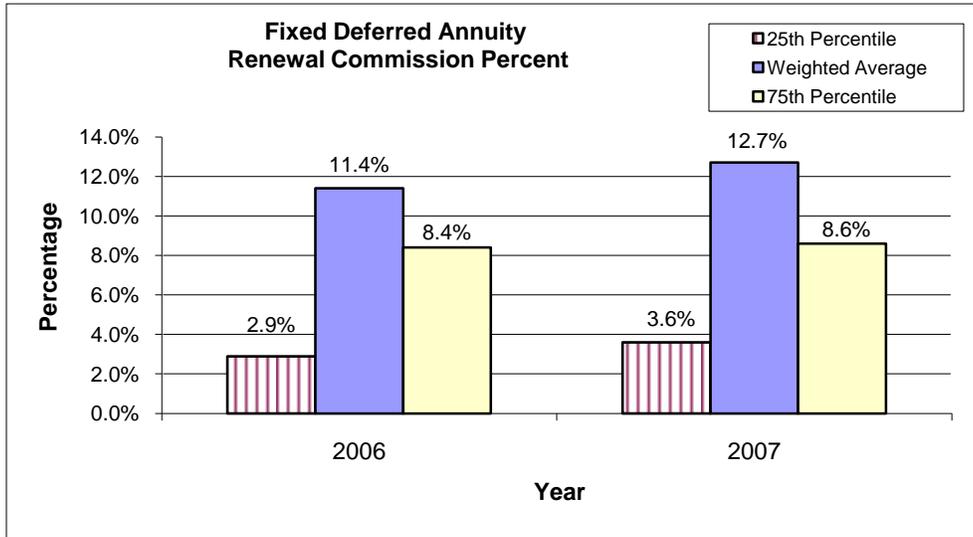
**Graph 25—Comparison of 2006 & 2007 Results
Based on only Companies Contributing in both 2006 & 2007
Acquisition—All Distribution Systems Combined
First Year/Single Premium Commission Percent**



**Graph 26—Comparison of 2006 & 2007 Results
Based on only Companies Contributing in both 2006 & 2007
Non-acquisition—All Distribution Systems Combined
Per Policy Inforce**



**Graph 27—Comparison of 2006 & 2007 Results
Based on only Companies Contributing in both 2006 & 2007
Acquisition—All Distribution Systems Combined
Renewal Commission Percent**



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

Table 19

Life Insurance Products

Product	Per Policy Index	Per Premium Index (Includes Single Premium)	Per Premium Index (Includes First Year Premium Only)	Per 1,000 Issued Index
Term	\$ 632	95%	95.5%	\$2.14
Perm	\$ 1,470	23%	67.8%	\$12.31
Variable	\$ 1,338	25%	49.7%	\$5.27

Annuity Products

Product	Per Policy Index	Per Premium Index
Deferred	\$ 875	1.5%
Immediate	\$ 1,108	1.7%
Variable Deferred	\$ 1,759	2.1%

Note: See Section 3 for Index Formulas.

**Committee on Life Insurance Company Expenses
2007 Individual Life and Annuity Expense Study**

Purpose and Objectives

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

CLICE is working on the 2006 inter-company expenses study for individual life and annuity products which is expected to be posted on the SOA website as soon as possible.

The objective of the 2007 study is to continue this effort while expanding the level of contributions, to serve as a useful unit expense benchmark for various users, including pricing actuaries and their managements from which to assess their own unit expense performance. In addition, CLICE expects the results to be useful in enhancing the generation of the Generally Recognized Expense Table (GRET) in the U.S. used by some companies to demonstrate compliance with the NAIC model sales illustration regulation. This study is intended to be completed by U.S. companies and U.S. operations of Canadian companies.

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

Confidentiality

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

General Instructions

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

The Committee believes that broad participation is critical to the success of the study. Therefore, it is important that you participate in the study even if you cannot provide all of the requested detail; in particular, if all of your expenses cannot be broken down by distribution system and line of business. However, when transmitting your contribution, please indicate to the Committee any information not provided in the detail requested.

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

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

A separate workbook (called Data Submission Form—UL) has been created for Universal Life business only. If feasible, please complete this workbook with the unit and expense information applicable to

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

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

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

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

Completed worksheets should be e-mailed to Jeanne Nallon at jnallon@soa.org.

Format

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

Company Information

Enter the name of your company and the requested information for the primary contact for this study. Place an X in the appropriate box for your Corporate Organization Type. Enter an X in the Yes box for Primarily Burial Life Insurance Company, if your company primarily sells this type of business. Enter the amount of Gross Investment Income and Investment Expenses from Lines 10 and 11, respectively, of the Exhibit of Net Investment Income of the NAIC General Account and Separate Account Annual Statement. Please note any characteristics unique to your company that might significantly impact comparisons with other companies and/or if your company underwent any major changes that would impact your 2007 results in the space provided.

Lines of Business

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

- Term—Life insurance policies and riders that are classified as term insurance for purposes of completing the Exhibit of Life Insurance in the NAIC Annual Statement.
- Universal Life—Fixed premium universal life and flexible premium universal life.
- Permanent—Whole life, limited pay life, single premium whole life, interest sensitive life, fixed premium universal life and flexible premium universal life not included in the other lines of business.
- COLI—Corporate owned life insurance.
- BOLI—Bank owned life insurance.
- Variable Life Insurance—Variable whole life and variable universal life insurance.

- Individual Deferred Annuities—Fixed premium, flexible premium and single premium deferred annuities. Include equity-indexed annuities. Do not include variable annuities.
- Individual Immediate Annuities—Annuities for which the annuitant begins receiving periodic payments, usually fixed, within one year. Do not include variable annuities.
- Variable Individual Deferred Annuities—Fixed premium, flexible premium and single premium variable individual deferred annuities. Investment returns vary directly with underlying fund.
- Variable Individual Immediate Annuities—Annuities for which the annuitant begins receiving periodic payments within one year. Investment returns vary directly with underlying fund.

Distribution Channel Descriptions

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

Expense Units

All expense units reported are for the calendar year 2007. References are to the NAIC Annual Statement blank. Fraternal companies should use the corresponding lines from the Fraternal blank.

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

1. Policies/Contracts Issued—Number of individual policies/contracts issued on direct business. Joint policies should be counted as one policy. Numbers of riders should not be included on this line.
 2. Volume Issued (Round to 1000s)—For individual life insurance report the initial face amount/sum insured issued before reinsurance is deducted. Include volume of riders that increase the death benefit on the base policy insured(s). **Please round the Volume Issued to 1000s. For instance, 987,654,321,123 should be entered as 987,654,321.** Not applicable for annuities.
 3. First Year Premium Collected—First year premium collected included in Exhibit 1, Line 6.1. This should include premiums in excess of UL and VUL target premiums paid in the first policy year.
 - 3a. UL and VUL Dump-ins Included in A-3—Enter the amount of premium included in A-3 that exceeded the target premium (in the first policy year) and for which a lower commission rate was paid.
 4. Single Premium Collected—Single premium collected included in Exhibit 1, Line 10.1. This should include any Dump-ins for UL and VUL paid in renewal years and dividends used to purchase paid up insurance.
 - 4a. UL and VUL Dump-ins Included in A-4—Enter the amount of premium included in A-4 that exceeded the target premium and dump-ins (in renewal years) and for which a lower commission rate was paid.
 - 4b. Dividends used for Paid-Up Additions Included in A-4—Enter the amount of single premium included on line A-4 from dividends used to purchase paid-up insurance. Exclude any amount applied to dividend deposits.
- B. Inforce—Direct (before reinsurance is deducted)—Current Year
1. Policies/Contracts—Number of individual policies/contracts inforce at the end of the year being reported in the NAIC Policy Exhibit.
 2. Volume (Round to 1000s)—For individual life insurance, the face amount/sum insured inforce on direct business as reported in the NAIC Policy Exhibit. **Please round the Volume Inforce to 1000s.** For individual annuities, leave blank.
 3. Renewal Premium Collected—Renewal premium collected included in Exhibit 1, Line 16.1.
 4. Reserves or Account Values—For business (other than UL, VUL and Deferred Annuities), enter the amount of reserves underlying the policies/contracts for each category of business. For UL, VUL and Deferred Annuities, enter the account values underlying the policies/contracts for each category of business.
- C. Inforce—Direct (before reinsurance is deducted)—Previous Year (include business in its first policy year that was inforce at the end of the immediately preceding year)
1. Policies/Contracts—Same as B-1 above for the yearend immediately preceding the study.
 2. Volume (Round to 1000s)—Same as B-2 above for the yearend immediately preceding the study. Please round the Volume Inforce to 1000s.
 3. Renewal Premium Collected—Same as B-3 above for the yearend immediately preceding the study.
 4. Reserves or Account Values—Same as B-4 above for the yearend immediately preceding the study.

D. Claims/Contracts

1. Number of Claims—For Life Insurance, enter the number of death and disability claims. This item is not applicable to Annuities.
2. Number of Surrenders/Lapses—For Life Insurance, enter the number of surrenders/lapses during the year. For annuities, enter the number of both surrenders/lapses and deaths.
3. Number of Annuity Contracts on which a Periodic Payment was made—For annuities, enter the number of contracts on which a periodic payment was made during 2007. This is not applicable for Life Insurance.

Expense Type Descriptions

All expenses reported are for the calendar year 2007.

E. Commissions Paid

1. First Year Commissions and Related Expenses—Commissions and related expenses paid included in Exhibit 1, Line 27 of the NAIC Annual Statement. This includes any commissions associated with Dump-in premiums included in 1a.
 - 1a. UL and VUL Dump-ins Included in E-1—Enter the amount of commission included in E-1 that was paid on premium that exceeded the target premium.
2. Single Commissions—Commissions paid included in Exhibit 1, Line 28 of the NAIC Annual Statement. This includes any commissions associated with Dump-in premiums included in 2a.
 - 2a. UL and VUL Dump-ins Included in E-2—Enter the amount of commission included in E-2 that was paid on premium that exceeded the target premium.
3. Renewal Commissions—Commissions paid included in Exhibit 1, Line 29 of the NAIC Annual Statement. Include service fees paid. Asset trailing expenses for annuities should also be included.

F. Acquisition Expenses other than commissions

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

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

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

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

2. Policyowner Services—All expenses paid directly relating to the servicing of the underlying life or annuity policies/contracts.
 3. Surrender and Lapse Expenses—All expenses paid relating to surrenders and lapses. For annuities, also include expenses related to terminations due to death. If it is not possible to separate these expenses, please include them with G.2 (Policyowner Services) and indicate in the notes section of the worksheet if included in G.2.
 4. Significant Unusual Non-recurring Expenses—significant unusual expenses paid that are not expected to recur. These expenses may be related, but not limited, to development or purchase of new systems, mergers and acquisitions, demutualizations or large legal judgements. Indicate the type of expense included. Only include such an expense here if it is greater than 2% of total expenses for the line of business.
 5. Total Overhead—Expenses that are not directly related to the acquisition or maintenance of policies/contracts.
 6. Amount of Total Overhead Allocable to Acquisition—In the pricing process, some companies allocate a certain portion of the total overhead expenses as part of their acquisition costs. If applicable, please enter the amount included in G5. (Total Overhead).
 7. Other Non-overhead—All other expenses paid. Please list and describe each such expense separately.
- H. Premium Tax and Guarantee Association Assessments—Premium taxes paid and guarantee association assessments paid (no distribution channel expense splits have been requested). If Premium Tax is 0, please note this in the comments section.
- I. Total Expenses—Should equal the sum of E through H. Note that this should not be entered.

**2007 SOA Expense Study Worksheet
Expense Units**

	Life Product Category XXXX							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:

**2007 SOA Expense Study Worksheet
Expenses**

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

Comments / Notes:

**2007 SOA Expense Study Worksheet
Expense Units**

	Annuity Product Category XXXX							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:

**2007 SOA Expense Study Worksheet
Expenses**

Function	Annuity Product Category XXXX							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:
