

# 2004 Individual Life and Annuity Expense Study

## Summary Report

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## Executive Summary

The Society of Actuaries' Committee on Life Insurance Company Expenses (CLICE) has developed and conducted inter-company expense experience studies annually since 2001. This report documents the results of the Committee's fourth expense study – the 2004 SOA Individual Life and Annuity Expense Study.

The Committee distributed a call from life insurance companies for contributions of 2004 calendar year expense data. Contributions of individual life and annuity expense data were received from 28 U.S. life insurance companies, listed in Section 4.

A Per Policy Index is used to facilitate 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). Readers should review these unit costs first as a high level basis of comparison and then review the other more detailed unit costs. These indices are illustrated in all expense exhibits and are summarized below for companies that have contributed to both this and the prior study.

### **Comparison of 2003 and 2004 Per Policy Index Unit Costs For Companies Contributing to both 2003 and 2004 Studies**

	Products	Year	First Year*			Inforce#		
			25% Percentile	Weighted Average	75% Percentile	25% Percentile	Weighted Average	75% Percentile
<b>Life</b>	<b>Term</b>	2003	\$499	\$541	\$758	\$61	\$75	\$133
		2004	496	672	1,160	71	75	133
	<b>Permanent</b>	2003	545	1,069	1,515	57	62	120
		2004	445	1,572	2,307	51	53	116
	<b>Variable</b>	2003	609	1,855	2,262	112	125	195
		2004	2,129	3,319	3,974	187	195	427
<b>Annuities</b>	<b>Deferred</b>	2003	\$346	\$897	\$1,287	\$99	\$105	\$139
		2004	516	943	753	94	119	167
	<b>Immediate</b>	2003	258	1,246	750	78	100	107
		2004	332	731	773	53	133	137
	<b>Variable deferred</b>	2003	634	1,686	1,562	124	145	185
		2004	620	1,830	1,151	136	259	253
*Excludes commissions and premium taxes								
#Excludes commissions, premium taxes, termination expenses, and contract expenses during payout period								

To provide further context for this calculation, an exhibit is included in the report that illustrates the comparable values of the index when calculated on Per Premium and Per 1000 Issued bases, in addition to Per Policy.

This report includes the same exhibits that were provided in the 2003 study. A description of the formulas used to develop each of the unit cost calculations is provided

in Section 3 of this report. Definitions of the averages and other statistics used in the tables are described in Section 5.

Due to differences in expense allocation practice among contributing companies, the mix of companies that contributed, and the limited but growing 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.

As of the date of issue of this report, the Committee has distributed a request for and received contributions to the 2005 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, Steve Siegel and Jeanne Nallon, who were responsible for much of the work of producing the study.

## **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 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 0.9% of total expenses for life insurance and 1.6% 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 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).
- 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 were aggregated and unit cost calculations were developed. As part of the aggregation process, a series of data integrity checks were 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 28 companies (listed in Section 4) that contributed data to the 2004 study represent \$9.2 B of life insurance expenses, \$34.3 B of life insurance premium, \$3.5 B of annuity expenses and \$37.7 B of 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.

## **Section 2: Data Issues**

As part of the data cleansing process, a series of data checks were conducted. Overall, the quality of the data has consistently improved since the initiation of the study in 2001 and particularly over the 2003 study. This is, in part, as a result of repeating contributors that 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 include:

- 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 study with COLI, BOLI, or Variable Immediate experience to publish results for these product categories. It is hoped that a sufficient number of contributors will provide data next year. If not, the Committee will contemplate withdrawing these products from the data submission form.
- 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.
- 4. Claim/Surrender/Lapse Expenses** – A number of contributors did not include the number of claims 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. Consequently, an explicit unit cost for surrender and lapse expense was unable to be developed. Surrender

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

5. **Premium Tax** – Several companies were unable to provide premium tax data by the categories requested. Companies that did not provide premium tax information were excluded from these averages.
6. **Additivity of Unit Cost Factors** – In order to maintain the additivity of the average unit cost factors, adjustments were made to the data when necessary, e.g., when a company did not report any expenses that were related to a particular unit.

### 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 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 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 in its completion.

##### **Participating Companies**

AAA Life	Metropolitan Life Insurance
American Family Insurance	Minnesota Life Insurance
Columbus Life Insurance	New York Life Insurance
Empire General Life Assurance	Pacific Life Insurance
Farm Family	Physicians Life
Guardian Life Insurance	Protective Life
Horace Mann	Prudential Financial
Illinois Mutual Life	Security Benefit
Investors Heritage Life Insurance	Standard Insurance
Jackson National Life Insurance	State Farm Life Insurance
Lafayette Life	Symetra Life Insurance
Liberty Life of Boston	Thrivent Financial for Lutherans
Lincoln National	Western Southern Life Assurance
MassMutual Financial Services	Western Southern Life Insurance

## **Section 5: Explanatory Notes for the Results Tables and Graphs**

### **Unit Cost Statistics**

The following are definitions of the five statistics shown for the unit cost calculations that appear in the results tables and graphs:

1. Weighted Average – (The sum of applicable expenses of all contributors for a given product-distribution channel)/(The sum of applicable units for all contributors for a given product-distribution channel)
2. Unweighted Average – (The sum of all contributors' individual unit cost calculations for a given product-distribution channel)/(Number of contributors)
3. Median – The median unit cost of all contributors for a given product-distribution channel.
4. 25<sup>th</sup> Percentile – The 25<sup>th</sup> percentile unit cost of all contributors for a given product-distribution channel.
5. 75<sup>th</sup> Percentile – The 75<sup>th</sup> percentile unit cost of all contributors for a given product-distribution channel.

Note that the 25<sup>th</sup> Percentile and 75<sup>th</sup> Percentile are only shown if at least 6 companies provided data 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 75<sup>th</sup> Percentile or less than the 25<sup>th</sup> 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 in summary exhibits. This is caused by the study's protocol for only showing specific results for a particular product/distribution channel if there are a minimum number of companies. However, the data not explicitly presented will still be 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. Yet, the data for Term Life Brokerage would be included in the Totals calculation for Term Life.

## **Comparison of 2003 and 2004 Results**

The graphs comparing 2003 and 2004 results are based only on companies that appeared in both the 2003 and 2004 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 2003 and 2004 comparison results are based only on companies that contributed data for both years, significant variation in unit costs between 2002 and 2003 were observed for several individual contributors. This is the primary underlying cause for the substantial changes in some aggregate units costs from 2003 to 2004 that are shown in Tables 8 and 17.

To highlight the variability that was observed, Tables 8 and 17 also include items labeled 25<sup>th</sup> Percentile Difference and 75<sup>th</sup> Percentile Difference. These items represent the 25<sup>th</sup> and 75<sup>th</sup> percentile of the distribution of the differences in unit costs for 2003 and 2004 for each contributor.

For example, to calculate the 25<sup>th</sup> Percentile Difference and 75<sup>th</sup> Percentile Difference for the Term Life Per Policy Index, the percentage change in Per Policy Index cost for 2003 to 2004 is calculated for all companies contributing in both years. The Term Life Per Policy Index differences are then ordered from lowest to highest. The 25<sup>th</sup> percentile and 75<sup>th</sup> percentile of these differences are then shown in Table 8 to give an indication of the range of the results.

This observed variation will be further examined in next year's study and contributors will be asked to provide rationale for significant changes in results from one year to the next.

## **Caveat**

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.

## **Section 6: Results Tables and Graphs**

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Graph 6—Per Policy Index—Product Graph

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## **Section 6: Results Tables and Graphs**

### **Annuity Products**

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### **Life and Annuity Products**

Table 19—Per Policy Index Comparison Table

## 2004 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 1

### Term Life Insurance

#### CAREER

Number of Companies = 11

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
<b>Weighted Average</b>	\$229	\$0.34	72.7%	\$890	50.6%	N/A	3.5%
<b>Unweighted Average</b>	\$180	\$0.37	57.6%	\$1,119	59.0%	N/A	4.7%
<b>Median</b>	\$142	\$0.33	64.9%	\$927	56.4%	N/A	3.6%
<b>25th Percentile</b>	\$93	\$0.23	19.1%	\$347	44.0%	N/A	3.4%
<b>75th Percentile</b>	\$267	\$0.46	77.2%	\$1,090	76.8%	N/A	6.1%

#### BROKERAGE

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
<b>Weighted Average</b>	\$283	\$0.31	30.6%	\$1,119	87.3%	N/A	4.4%
<b>Unweighted Average</b>	\$257	\$0.37	39.9%	\$1,193	71.0%	N/A	4.4%
<b>Median</b>	\$155	\$0.19	45.3%	\$618	70.3%	N/A	4.4%

#### MULTI-LINE

Number of Companies = 3

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
<b>Weighted Average</b>	\$124	\$0.73	21.6%	\$347	47.2%	N/A	4.6%
<b>Unweighted Average</b>	\$138	\$0.54	22.3%	\$368	67.6%	N/A	5.4%
<b>Median</b>	\$124	\$0.46	21.9%	\$349	71.2%	N/A	4.5%

#### DIRECT RESPONSE

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
<b>Weighted Average</b>	\$329	\$1.38	65.7%	\$1,090	39.2%	N/A	0.8%
<b>Unweighted Average</b>	\$322	\$1.23	122.1%	\$1,080	30.7%	N/A	1.0%
<b>Median</b>	\$320	\$1.06	60.6%	\$1,074	33.2%	N/A	0.5%

#### TOTAL

Number of Companies = 25

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
<b>Weighted Average</b>	\$190	\$0.44	45.5%	\$676	61.3%	N/A	3.3%
<b>Unweighted Average</b>	\$219	\$0.52	49.5%	\$733	65.9%	N/A	3.6%
<b>Median</b>	\$155	\$0.46	36.4%	\$627	68.9%	N/A	3.5%
<b>25th Percentile</b>	\$112	\$0.30	21.5%	\$404	48.8%	N/A	2.5%
<b>75th Percentile</b>	\$283	\$0.75	71.6%	\$980	86.0%	N/A	4.5%

#### TOTAL

Number of Companies = 25

#### 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)
<b>Weighted Average</b>	\$66	1.6%	\$409	\$353	\$230
<b>Unweighted Average</b>	\$80	1.6%	\$426	\$392	\$288
<b>Median</b>	\$64	1.7%	\$391	\$364	\$250
<b>25th Percentile</b>	\$44	1.2%	\$165	\$243	\$163
<b>75th Percentile</b>	\$105	2.1%	\$599	\$482	\$357



## 2004 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 2

### Permanent Life Insurance

#### CAREER

Number of Companies = 13

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
<b>Weighted Average</b>	\$200	\$0.57	72.3%	\$1,763	53.3%	2.8%	3.5%
<b>Unweighted Average</b>	\$220	\$0.75	52.5%	\$1,381	73.4%	2.7%	4.2%
<b>Median</b>	\$181	\$0.82	62.4%	\$583	61.5%	2.5%	4.1%
<b>25th Percentile</b>	\$76	\$0.53	9.1%	\$282	51.0%	0.7%	3.3%
<b>75th Percentile</b>	\$244	\$0.86	76.9%	\$1,913	96.7%	3.0%	4.9%

#### BROKERAGE

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
<b>Weighted Average</b>	\$170	\$0.52	71.9%	\$5,384	71.2%	2.1%	2.0%
<b>Unweighted Average</b>	\$183	\$0.78	49.8%	\$6,519	87.7%	3.3%	3.3%
<b>Median</b>	\$101	\$0.49	66.8%	\$1,058	89.9%	2.4%	3.3%

#### MULTI-LINE

Number of Companies = 3

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
<b>Weighted Average</b>	\$149	\$1.98	18.6%	\$390	46.4%	1.8%	4.7%
<b>Unweighted Average</b>	\$106	\$1.65	18.9%	\$337	77.5%	6.5%	5.2%
<b>Median</b>	\$87	\$1.98	18.6%	\$312	86.5%	6.5%	4.6%

#### TOTAL

Number of Companies = 26

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
<b>Weighted Average</b>	\$183	\$0.86	47.7%	\$1,508	50.9%	3.3%	3.6%
<b>Unweighted Average</b>	\$272	\$1.28	45.3%	\$1,635	74.9%	3.1%	4.1%
<b>Median</b>	\$175	\$0.95	39.2%	\$1,080	68.6%	2.5%	4.0%
<b>25th Percentile</b>	\$119	\$0.53	8.9%	\$420	51.6%	0.0%	2.5%
<b>75th Percentile</b>	\$275	\$1.39	72.2%	\$2,056	100.4%	5.3%	4.9%

#### TOTAL

Number of Companies = 26

	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)
<b>Weighted Average</b>	\$62	1.2%	\$96	\$119	\$47
<b>Unweighted Average</b>	\$85	1.7%	\$209	\$216	\$83
<b>Median</b>	\$68	1.6%	\$182	\$110	\$63
<b>25th Percentile</b>	\$48	1.3%	\$57	\$59	\$40
<b>75th Percentile</b>	\$125	2.0%	\$367	\$270	\$109

**2004 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY**

**Table 3**

**Variable Life Insurance**

**CAREER**

**Number of Companies = 8**

	<b>Acquisition</b>				<b>Commission Percent</b>		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
<b>Weighted Average</b>	\$264	\$0.44	51.9%	\$2,410	47.3%	1.6%	3.3%
<b>Unweighted Average</b>	\$428	\$0.85	57.2%	\$2,679	60.5%	1.2%	5.2%
<b>Median</b>	\$289	\$0.60	58.4%	\$2,778	60.2%	1.1%	5.0%
<b>25th Percentile</b>	\$219	\$0.32	37.6%	\$1,346	43.4%	0.1%	3.4%
<b>75th Percentile</b>	\$357	\$0.86	74.7%	\$3,818	76.1%	2.0%	7.6%

**BROKERAGE**

**Number of Companies = 3**

	<b>Acquisition</b>				<b>Commission Percent</b>		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
<b>Weighted Average</b>	\$329	\$0.92	71.7%	\$18,931	31.8%	2.4%	8.1%
<b>Unweighted Average</b>	\$274	\$0.60	70.2%	\$16,183	39.4%	2.4%	5.4%
<b>Median</b>	\$274	\$0.60	70.2%	\$16,183	39.4%	2.4%	5.2%

**TOTAL**

**Number of Companies = 14**

	<b>Acquisition</b>				<b>Commission Percent</b>		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
<b>Weighted Average</b>	\$375	\$0.39	38.3%	\$3,095	35.4%	2.0%	4.9%
<b>Unweighted Average</b>	\$559	\$1.63	50.8%	\$2,890	60.8%	1.7%	10.1%
<b>Median</b>	\$336	\$0.60	54.8%	\$3,303	54.1%	1.2%	5.0%
<b>25th Percentile</b>	\$187	\$0.34	31.7%	\$2,037	36.5%	0.0%	3.2%
<b>75th Percentile</b>	\$966	\$1.23	72.8%	\$3,855	83.5%	2.8%	7.7%

**TOTAL**

**Number of Companies = 14**

	<b>Non-Acquisition - All Distribution Systems Combined</b>				
	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)
<b>Weighted Average</b>	\$218	2.5%	\$333	\$352	\$188
<b>Unweighted Average</b>	\$344	2.7%	\$614	\$352	\$284
<b>Median</b>	\$293	1.9%	\$319	\$259	\$267
<b>25th Percentile</b>	\$194	1.4%	\$169	\$222	\$179
<b>75th Percentile</b>	\$437	2.2%	\$495	\$411	\$329

**2004 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	11	\$229	\$0.34	72.7%	\$890	50.6%	N/A	3.5%
Permanent Life	13	\$200	\$0.57	72.3%	\$1,763	53.3%	2.8%	3.5%
Variable Life	8	\$264	\$0.44	51.9%	\$2,410	47.3%	1.6%	3.3%
<b>TOTAL</b>	14	\$216	\$0.41	68.8%	\$1,489	51.8%	2.6%	3.5%

**BROKERAGE**

	Number of Companies	Acquisition				Commission Percent		
		Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
Term Life	5	\$283	\$0.31	30.6%	\$1,119	87.3%	N/A	4.4%
Permanent Life	5	\$170	\$0.52	71.9%	\$5,384	71.2%	2.1%	2.0%
Variable Life	3	\$329	\$0.92	71.7%	\$18,931	31.8%	2.4%	5.4%
<b>TOTAL</b>	7	\$268	\$0.33	47.6%	\$1,905	77.4%	2.2%	4.0%

**MULTI-LINE**

	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	3	\$124	\$0.73	21.6%	\$347	47.2%	N/A	4.6%
Permanent Life	3	\$149	\$1.98	18.6%	\$390	46.4%	1.8%	4.7%
<b>TOTAL</b>	3	\$136	\$1.01	19.9%	\$369	46.6%	1.8%	4.7%

**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	25	\$190	\$0.44	45.5%	\$676	61.3%	N/A	3.3%
Permanent Life	26	\$183	\$0.86	47.7%	\$1,508	50.9%	3.3%	3.6%
Variable Life	14	\$375	\$0.39	38.3%	\$3,095	35.4%	2.0%	4.9%
<b>TOTAL</b>	27	\$197	\$0.54	45.6%	\$1,224	49.8%	3.1%	3.8%

**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	25	\$66	1.6%	\$409	\$353	\$230
Permanent Life	26	\$62	1.2%	\$96	\$119	\$47
Variable Life	14	\$218	2.5%	\$333	\$352	\$188
<b>TOTAL</b>	27	\$72	1.4%	\$109	\$235	\$86

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

**2004 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY**

**Table 5**

**Term Life Insurance**

**SMALL**

**Number of Companies = 4**

	<b>Acquisition</b>				<b>Commission Percent</b>		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
<b>Weighted Average</b>	\$178	\$0.96	25.9%	\$549	77.1%	N/A	3.5%
<b>Unweighted Average</b>	\$124	\$0.77	39.4%	\$385	71.6%	N/A	5.0%
<b>Median</b>	\$114	\$0.80	33.4%	\$385	74.6%	N/A	5.3%

**SMALL**

**Number of Companies = 4**

**Non-Acquisition - All Distribution Systems Combined**

	Per Policy Inforce	Premium Tax as Percent of Premium	Per Claim	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
<b>Weighted Average</b>	\$82	1.7%	\$720	\$249	\$196
<b>Unweighted Average</b>	\$60	1.5%	\$484	\$193	\$155
<b>Median</b>	\$61	1.5%	\$511	\$219	\$170

**MEDIUM**

**Number of Companies = 12**

	<b>Acquisition</b>				<b>Commission Percent</b>		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
<b>Weighted Average</b>	\$210	\$0.59	24.8%	\$665	83.9%	N/A	3.1%
<b>Unweighted Average</b>	\$207	\$0.58	52.2%	\$724	70.0%	N/A	3.6%
<b>Median</b>	\$149	\$0.46	35.3%	\$622	76.5%	N/A	3.5%
<b>25th Percentile</b>	\$109	\$0.42	27.2%	\$464	64.6%	N/A	2.9%
<b>75th Percentile</b>	\$266	\$0.67	54.7%	\$918	86.9%	N/A	4.3%

**MEDIUM**

**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)
<b>Weighted Average</b>	\$70	1.7%	\$280	\$349	\$236
<b>Unweighted Average</b>	\$82	1.8%	\$362	\$338	\$246
<b>Median</b>	\$50	1.9%	\$191	\$330	\$221
<b>25th Percentile</b>	\$41	1.5%	\$56	\$246	\$178
<b>75th Percentile</b>	\$103	2.1%	\$570	\$409	\$300

**2004 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY**

**Table 5**

**Term Life Insurance**

**LARGE**

**Number of Companies = 8**

	<b>Acquisition</b>				<b>Commission Percent</b>		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
<b>Weighted Average</b>	\$187	\$0.41	50.4%	\$648	54.1%	N/A	3.7%
<b>Unweighted Average</b>	\$288	\$0.34	47.8%	\$887	59.4%	N/A	3.1%
<b>Median</b>	\$237	\$0.31	50.0%	\$831	52.6%	N/A	3.3%
<b>25th Percentile</b>	\$142	\$0.22	21.4%	\$569	44.5%	N/A	1.8%
<b>75th Percentile</b>	\$307	\$0.40	76.2%	\$1,344	70.8%	N/A	3.9%

**LARGE**

**Number of Companies = 8**

**Non-Acquisition - All Distribution Systems Combined**

	Per Policy Inforce	Premium Tax as Percent of Premium	Per Claim	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
<b>Weighted Average</b>	\$60	1.7%	\$513	\$340	\$221
<b>Unweighted Average</b>	\$86	1.4%	\$498	\$557	\$418
<b>Median</b>	\$81	1.6%	\$565	\$512	\$327
<b>25th Percentile</b>	\$43	1.0%	\$349	\$396	\$242
<b>75th Percentile</b>	\$112	2.0%	\$607	\$619	\$437

**2004 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY**

**Table 6**

**Permanent Life Insurance**

**SMALL**

**Number of Companies = 4**

	<b>Acquisition</b>				<b>Commission Percent</b>		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
<b>Weighted Average</b>	\$89	\$1.02	24.4%	\$279	108.5%	6.1%	4.5%
<b>Unweighted Average</b>	\$88	\$0.88	30.9%	\$293	86.6%	6.3%	4.4%
<b>Median</b>	\$88	\$0.81	25.7%	\$240	75.7%	7.3%	4.4%

**SMALL**

**Number of Companies = 4**

<b>Non-Acquisition - All Distribution Systems Combined</b>					
	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)
<b>Weighted Average</b>	\$45	1.8%	\$46	\$50	\$26
<b>Unweighted Average</b>	\$62	1.8%	\$258	\$210	\$157
<b>Median</b>	\$68	1.8%	\$303	\$300	\$203

**MEDIUM**

**Number of Companies = 13**

	<b>Acquisition</b>				<b>Commission Percent</b>		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
<b>Weighted Average</b>	\$110	\$1.21	37.4%	\$580	87.5%	4.6%	4.1%
<b>Unweighted Average</b>	\$270	\$1.74	39.7%	\$1,023	85.8%	2.7%	4.3%
<b>Median</b>	\$188	\$1.20	30.0%	\$771	96.7%	1.1%	3.9%
<b>25th Percentile</b>	\$128	\$0.85	9.1%	\$546	72.4%	0.0%	2.5%
<b>75th Percentile</b>	\$366	\$1.77	55.0%	\$1,236	103.3%	4.6%	6.6%

**MEDIUM**

**Number of Companies = 13**

<b>Non-Acquisition - All Distribution Systems Combined</b>					
	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)
<b>Weighted Average</b>	\$64	1.8%	\$172	\$54	\$36
<b>Unweighted Average</b>	\$96	2.0%	\$2,171	\$159	\$79
<b>Median</b>	\$63	1.8%	\$164	\$104	\$64
<b>25th Percentile</b>	\$48	1.5%	\$36	\$59	\$38
<b>75th Percentile</b>	\$136	2.1%	\$264	\$215	\$95

## 2004 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 6

### Permanent Life Insurance

**LARGE**

**Number of Companies = 8**

	Acquisition				Commission Percent		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
<b>Weighted Average</b>	\$218	\$0.71	39.3%	\$1,651	41.9%	3.9%	3.9%
<b>Unweighted Average</b>	\$381	\$0.73	51.8%	\$3,181	49.2%	2.5%	4.0%
<b>Median</b>	\$251	\$0.49	60.5%	\$2,516	47.7%	2.9%	4.3%
<b>25th Percentile</b>	\$173	\$0.34	15.7%	\$1,764	44.8%	1.5%	2.4%
<b>75th Percentile</b>	\$390	\$0.94	75.9%	\$4,361	55.8%	3.1%	5.0%

**LARGE**

**Number of Companies = 8**

Non-Acquisition - All Distribution Systems Combined					
	Per Policy Inforce	Premium Tax as Percent of Premium	Per Claim	New Business Average Policy Size (1,000's)	Inforce Average Policy Size (1,000's)
<b>Weighted Average</b>	\$67	1.1%	\$110	\$147	\$51
<b>Unweighted Average</b>	\$112	1.2%	\$227	\$401	\$117
<b>Median</b>	\$119	1.1%	\$146	\$239	\$95
<b>25th Percentile</b>	\$49	0.9%	\$108	\$117	\$47
<b>75th Percentile</b>	\$139	1.7%	\$320	\$453	\$154

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

**2004 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY**

**Table 7**

**Variable Life Insurance**

**MEDIUM**

**Number of Companies = 6**

	<b>Acquisition</b>				<b>Commission Percent</b>		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
<b>Weighted Average</b>	\$258	\$0.61	15.1%	\$960	93.6%	2.1%	7.3%
<b>Unweighted Average</b>	\$603	\$3.02	45.5%	\$2,581	81.0%	2.1%	4.8%
<b>Median</b>	\$495	\$1.96	49.1%	\$2,710	82.3%	0.4%	4.5%
<b>25th Percentile</b>	\$148	\$0.76	41.7%	\$932	62.3%	0.0%	3.2%
<b>75th Percentile</b>	\$925	\$5.32	57.5%	\$3,737	100.7%	3.0%	7.0%

**MEDIUM**

**Number of Companies = 6**

<b>Non-Acquisition - All Distribution Systems Combined</b>					
	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)
<b>Weighted Average</b>	\$422	2.1%	\$351	\$323	\$312
<b>Unweighted Average</b>	\$432	2.7%	\$781	\$256	\$239
<b>Median</b>	\$339	2.2%	\$265	\$241	\$239
<b>25th Percentile</b>	\$220	1.7%	\$137	\$155	\$182
<b>75th Percentile</b>	\$687	3.4%	\$1,454	\$267	\$313

**LARGE**

**Number of Companies = 6**

	<b>Acquisition</b>				<b>Commission Percent</b>		
	Per Policy Issued	Per 1000 Issued	Percent of First Year Premium	Per Policy Index	First Year	Single Premium	Renewal
<b>Weighted Average</b>	\$516	\$0.27	28.0%	\$3,203	29.6%	2.7%	4.2%
<b>Unweighted Average</b>	\$577	\$0.43	49.5%	\$3,010	44.7%	1.8%	5.1%
<b>Median</b>	\$357	\$0.33	51.8%	\$3,178	42.1%	2.1%	5.0%
<b>25th Percentile</b>	\$293	\$0.16	14.1%	\$2,360	27.8%	1.5%	3.2%
<b>75th Percentile</b>	\$911	\$0.66	75.8%	\$3,654	52.3%	2.4%	7.2%

**LARGE**

**Number of Companies = 6**

<b>Non-Acquisition - All Distribution Systems Combined</b>					
	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)
<b>Weighted Average</b>	\$139	1.9%	\$269	\$389	\$172
<b>Unweighted Average</b>	\$288	1.5%	\$391	\$458	\$341
<b>Median</b>	\$293	1.9%	\$208	\$329	\$311
<b>25th Percentile</b>	\$214	1.5%	\$168	\$245	\$177
<b>75th Percentile</b>	\$300	2.0%	\$301	\$595	\$478

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



## 2004 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY

Table 8

### Life Products - Comparison of 2003 and 2004 Unit Costs for Companies Contributing in both 2003 and 2004

#### Term Life Insurance

Number of Contributing Companies = 10

	Acquisiton		Commission Percent						Non-acquisition	
	Per Policy Index		First Year		Single Premium		Renewal		Per Policy Inforce	
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
<b>Weighted Average</b>	\$541	\$672	50.3%	49.7%	N/A	N/A	3.1%	3.0%	\$75	\$75
<b>25th Percentile</b>	\$499	\$496	48.8%	46.9%	N/A	N/A	2.7%	2.1%	\$61	\$71
<b>75th Percentile</b>	\$758	\$1,160	84.3%	83.0%	N/A	N/A	4.2%	4.2%	\$133	\$121
<b>25th Percentile Difference</b>		0%		-6%		N/A		-12%		-3%
<b>75th Percentile Difference</b>		26%		4%		N/A		30%		19%

#### Perm Life Insurance

Number of Contributing Companies = 10

	Acquisiton		Commission Percent						Non-acquisition	
	Per Policy Index		First Year		Single Premium		Renewal		Per Policy Inforce	
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
<b>Weighted Average</b>	\$1,069	\$1,572	49.8%	64.0%	2.9%	1.3%	2.8%	2.5%	\$62	\$53
<b>25th Percentile</b>	\$545	\$445	45.6%	56.3%	2.7%	0.7%	2.5%	2.0%	\$57	\$51
<b>75th Percentile</b>	\$1,515	\$2,307	109.1%	99.9%	6.9%	6.1%	5.0%	4.8%	\$120	\$116
<b>25th Percentile Difference</b>		0%		-2%		-53%		-7%		-10%
<b>75th Percentile Difference</b>		21%		31%		3%		5%		10%

#### Variable Life Insurance

Number of Contributing Companies = 4

	Acquisiton		Commission Percent						Non-acquisition	
	Per Policy Index		First Year		Single Premium		Renewal		Per Policy Inforce	
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
<b>Weighted Average</b>	\$1,855	\$3,319	56.4%	48.9%	1.1%	0.9%	3.5%	4.2%	\$125	\$195
<b>25th Percentile</b>	\$609	\$2,129	40.4%	37.3%	0.7%	0.0%	4.6%	4.6%	\$112	\$187
<b>75th Percentile</b>	\$2,262	\$3,974	47.3%	83.5%	1.6%	2.0%	7.9%	8.2%	\$195	\$427
<b>25th Percentile Difference</b>		10%		-3%		-12%		-2%		-9%
<b>75th Percentile Difference</b>		26%		26%		51%		2%		29%

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

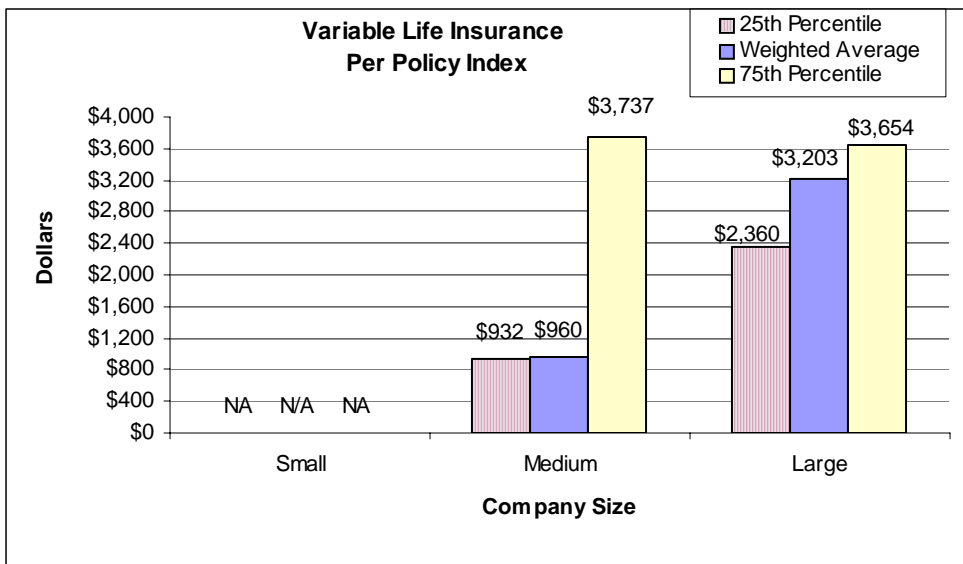
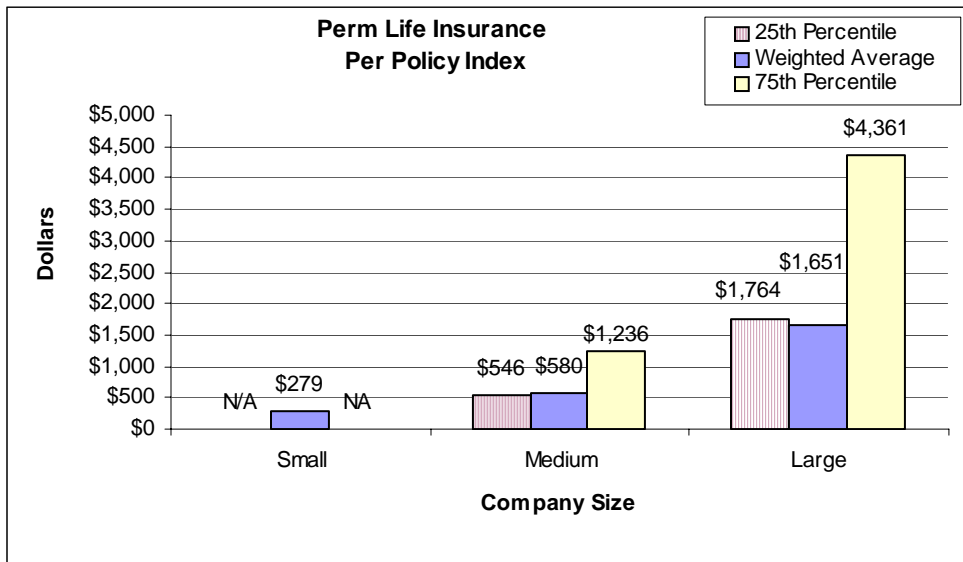
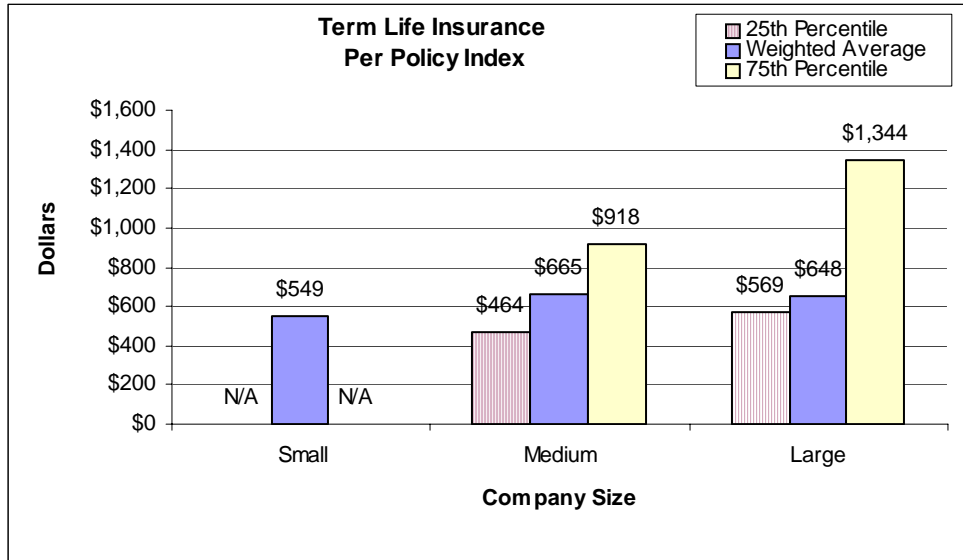
**2004 SOA Expense Study**  
**Table 9 - Total Expenses - All Companies**

Function	Life Products							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
<b>E. Commissions Paid</b>								
1. First Year Commissions	613,708,894	150,482,075	59,655,455	153,528,842	3,697,284	27,965,795	865,059,295	1,874,097,641
a. UL and VUL Dump-in Included in F-1	7,841,084	1,925,618	3,517,400	0	43	2,987,920	14,429,543	30,701,609
2. Single Commissions	15,328,661	228,924	0	670,885	0	9,871,942	22,639,983	48,740,396
a. UL and VUL Dump-in Included in F-2	0	0	0	0	0	0	0	0
3. Renewal Commissions	418,419,436	34,243,458	10,112,357	117,813,782	377,209	2,986,021	306,805,754	890,758,015
<b>F. Other Acquisition Expenses Paid</b>								
1. Sales / Marketing	856,274,444	95,743,433	16,402,215	31,737,250	27,620,528	19,146,364	682,079,127	1,729,003,362
2. Underwriting - Inspection Reports and Medical Exams	60,543,614	13,726,784	5,621,198	41,775,713	3,477,015	3,673,529	52,323,567	181,141,421
3. Underwriting - All Other	66,301,993	7,892,065	2,247,422	37,638,329	990,496	2,734,664	34,856,464	152,661,434
4. Policy / Contract Issue	82,511,273	9,819,766	9,384,178	10,573,336	2,337,076	6,761,305	44,979,249	166,366,181
5. Product Development	21,721,115	973,010	3,385,437	935,560	1,213,822	3,177,433	31,736,995	63,143,373
6. Other Acquisition - Please list								
a.	7,998,805	1,306	0	103,248,667	5,559,919	32,955	48,201,098	165,042,750
b.	0	0	0	0	0	0	0	0
c.	0	0	0	0	0	0	0	0
d.	0	0	0	0	0	0	0	0
<b>G. Other Expenses Paid</b>								
1. Benefit Department(s) / Claim Settlement Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	62,532,534	62,532,534
2. Policyowner Services	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	726,588,088	726,588,088
3. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	23,889,436	23,889,436
4. Significant Non-recurring Expenses (specify)								
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	87,252,504	87,252,504
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	2,262,597,152	2,262,597,152
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	205,988,465	205,988,465
7. Other non-overhead								
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	86,887,765	86,887,765
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
<b>H. Premium Tax &amp; Guar Assoc Assessments</b>								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	486,243,105	486,243,105
<b>I. Total Expenses</b>								
	2,150,649,319	315,036,440	110,325,662	497,922,363	45,273,392	79,337,929	6,045,090,125	9,243,635,230

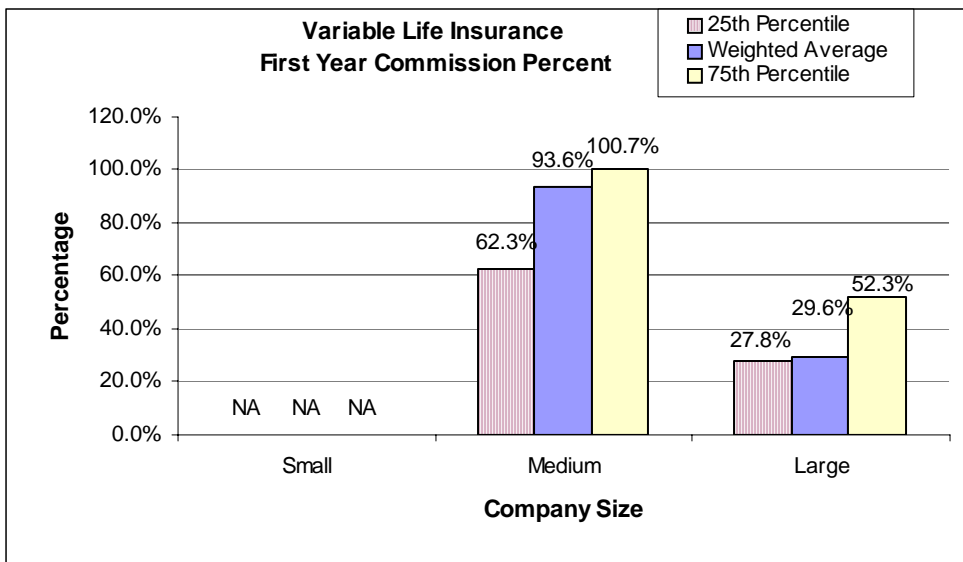
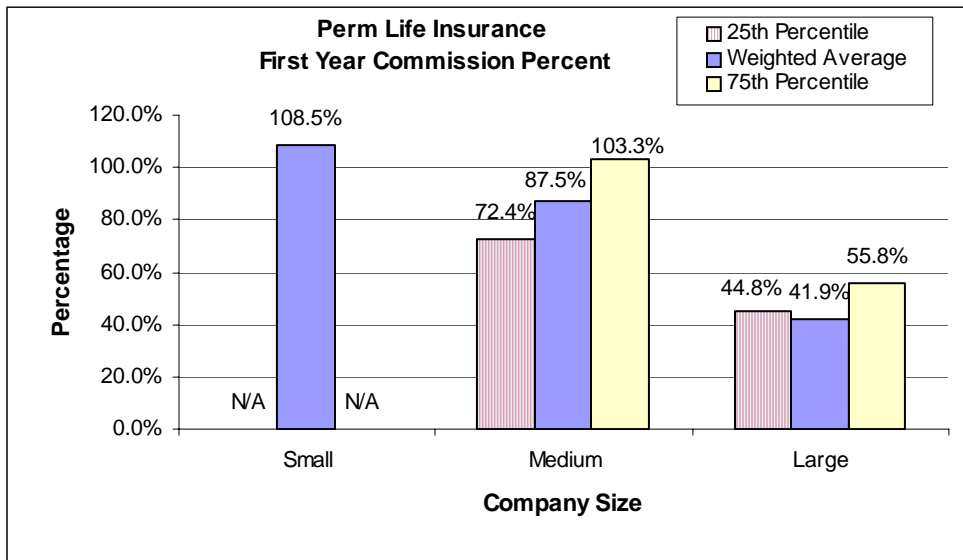
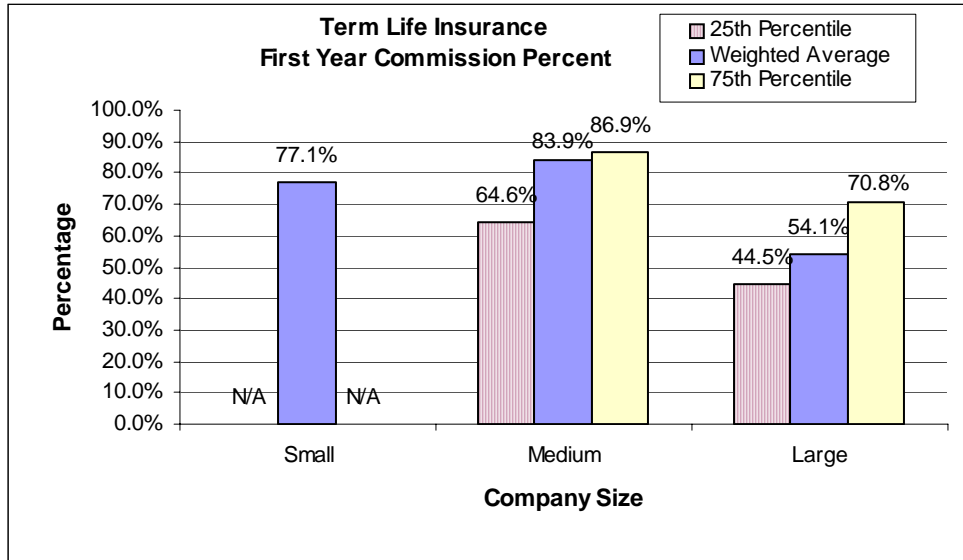
**2004 SOA Expense Study**  
**Table 9 - Total Expense Units - All Companies**

	Life Products							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
<b>A. New Business - Direct</b>								
1. Policies / Contracts Issued	735,517	67,264	33,045	611,933	90,930	29,294	440,460	2,008,443
2. Volume Issued (Round to 1000s)	171,020,345	41,997,876	10,433,164	76,083,499	3,661,320	7,741,935	161,713,460	472,651,599
3. First Year Premium Collected	1,569,717,347	284,383,271	109,063,793	345,481,756	27,823,872	82,817,707	2,450,220,286	4,869,508,033
a. UL and VUL Dump-in Included in A-3	398,966,200	92,510,029	58,623,340	16,000,000	724	51,760,981	552,147,556	1,170,008,828
4. Single Premium Collected	3,469,332,398	75,786,818	0	248,481,115	0	152,767,567	1,782,930,077	5,733,072,974
a. UL and VUL Dump-in Included in A-4	65,728,080	263,274	0	0	0	0	0	65,991,354
b. Paid-Up Additions Included in A-4	2,993,882,543	68,755,108	0	227,182,009	0	0	1,060,709,269	4,350,528,929
<b>B. Inforce - Direct - Current Year</b>								
1. Policies / Contracts	22,057,792	343,948	342,228	7,053,088	693,996	159,224	13,375,155	44,025,431
2. Volume (Round to 1000s)	1,315,841,507	170,470,581	77,913,501	557,667,899	27,096,714	33,786,926	1,744,214,682	3,926,991,810
3. Renewal Premium Collected	11,995,078,590	857,156,463	256,582,649	2,513,724,201	186,167,823	81,640,977	7,827,410,644	23,717,761,347
4. Reserves or Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	239,656,535,035	239,656,535,035
<b>C. Inforce - Direct - Previous Year</b>								
1. Policies / Contracts	22,107,524	294,781	329,794	6,966,744	723,756	137,918	13,829,783	44,390,300
2. Volume (Round to 1000s)	1,209,650,628	139,494,753	71,908,906	527,869,110	25,270,496	27,414,978	1,655,675,274	3,657,284,147
3. Renewal Premium Collected	11,708,659,931	880,105,161	236,517,372	2,426,215,067	171,527,802	64,186,109	7,669,970,116	23,157,181,558
4. Reserves or Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	224,330,400,168	224,330,400,168
<b>D. Claims/Contracts</b>								
1. Number of Claims	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	574,568	574,568
2. Number of Surrenders/Lapses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	1,775,839	1,775,839

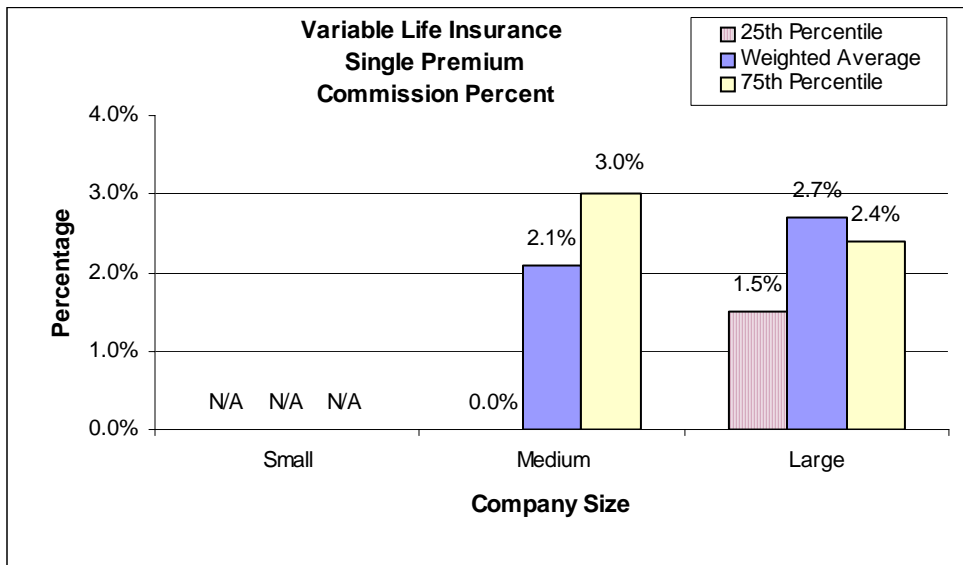
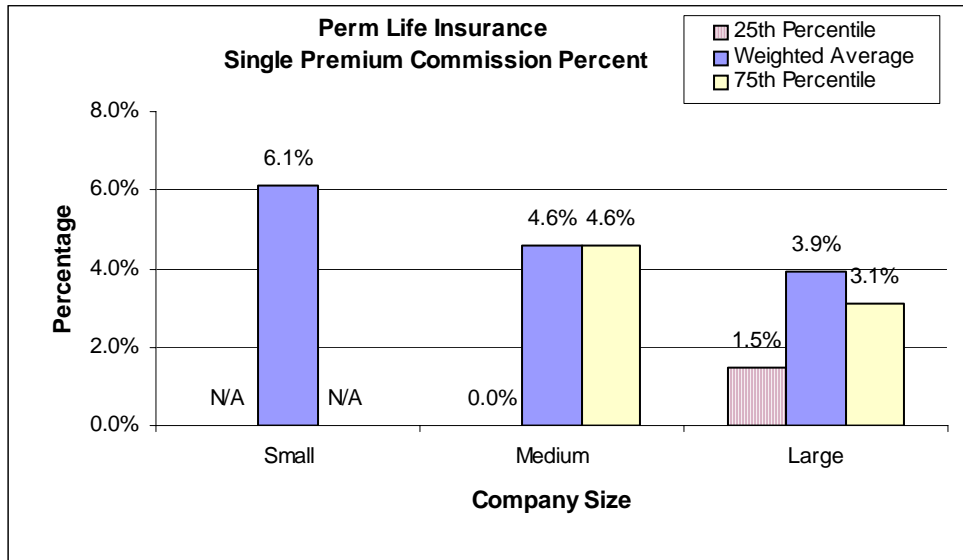
**2004 Life Products**  
**Graph 1—Acquisition Expense—All Distribution Systems Combined**  
**Per Policy Index**



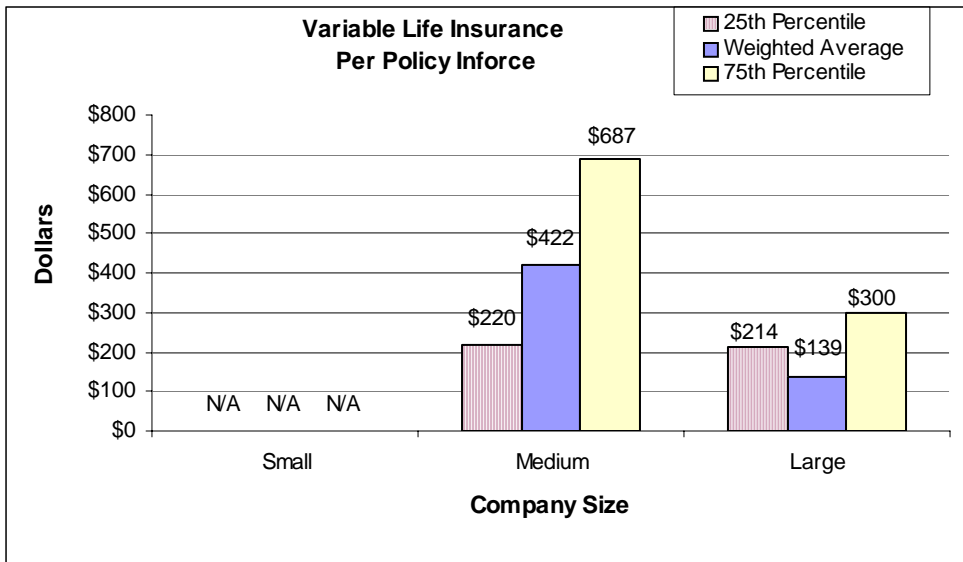
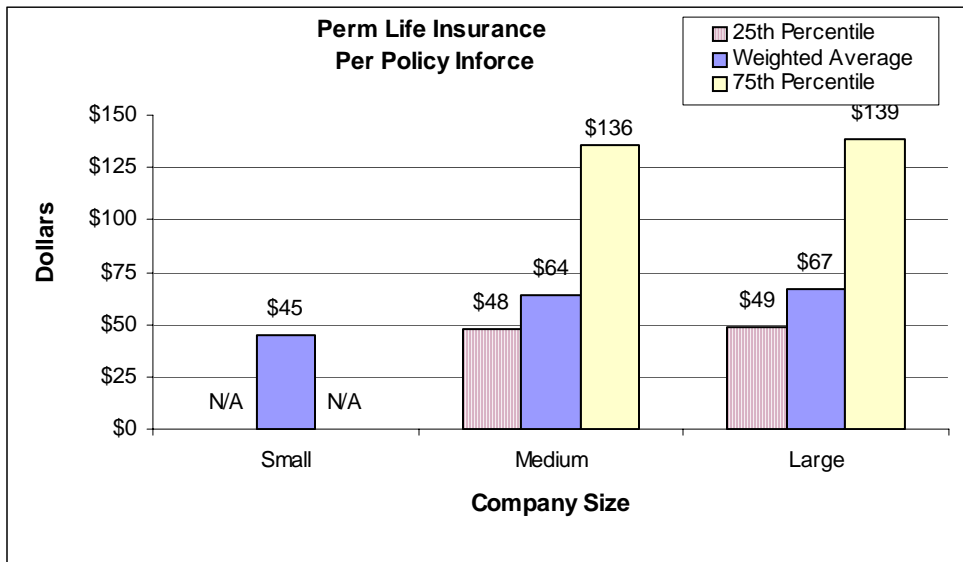
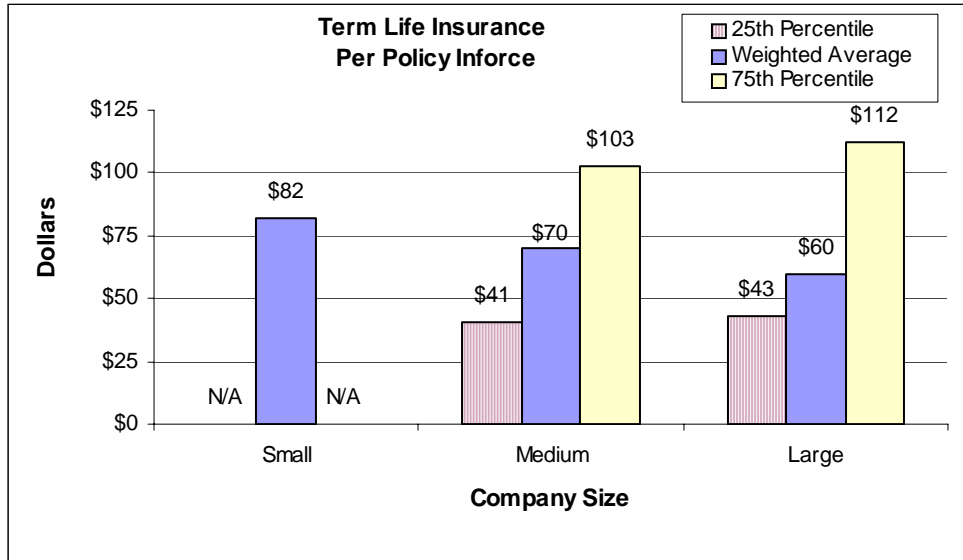
**2004 Life Products**  
**Graph 2—Acquisition Expense—All Distribution Systems Combined**  
**First Year Commission Percent**



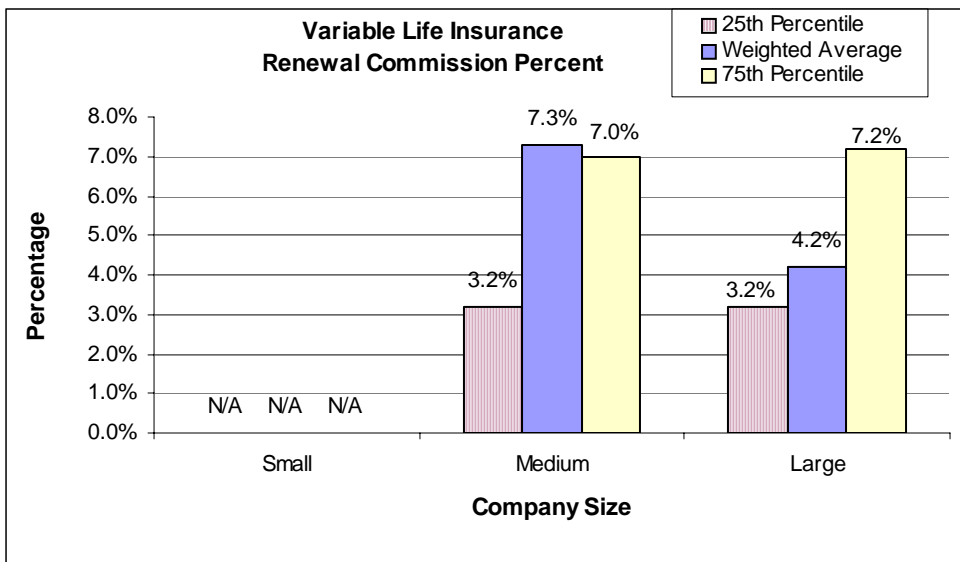
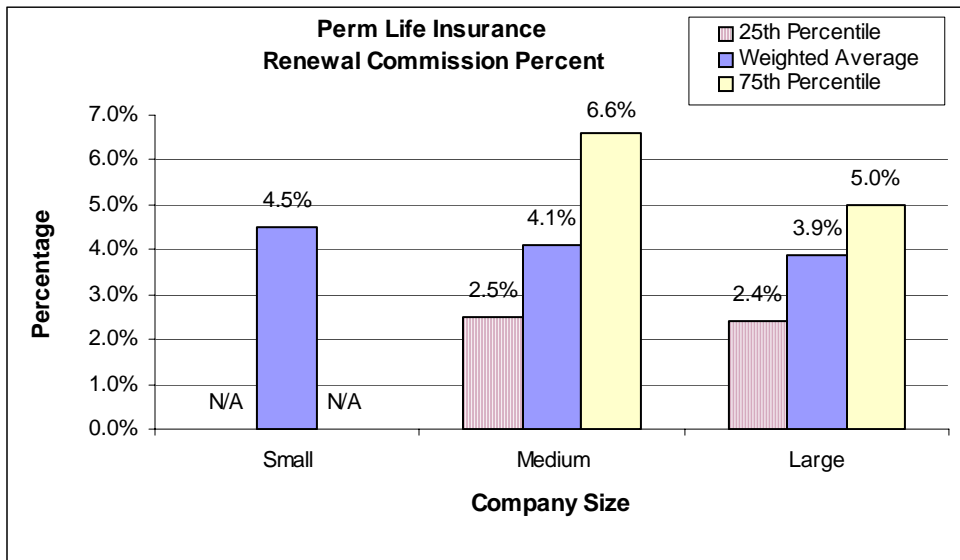
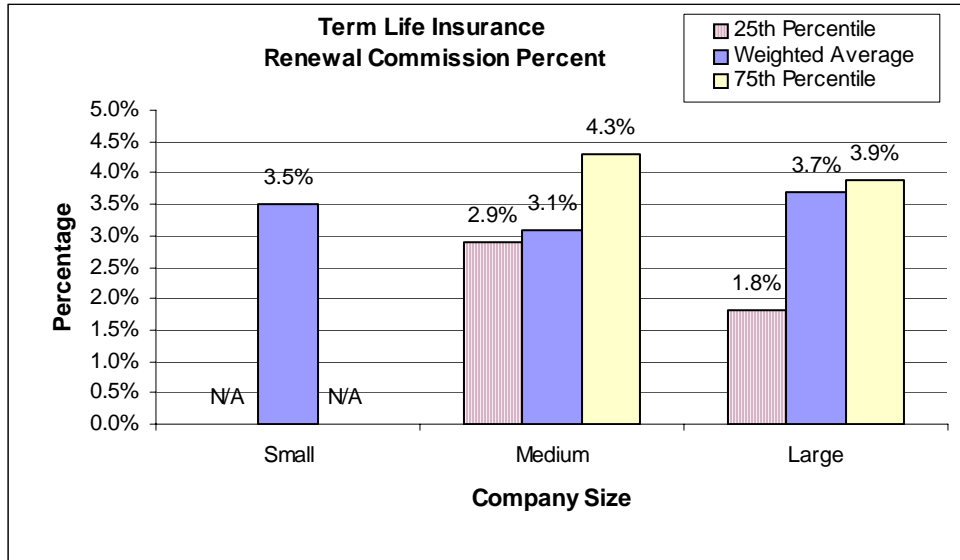
**2004 Life Products**  
**Graph 3—Acquisition Expense—All Distribution Systems Combined**  
**Single Premium Commission Percent**



**2004 Life Products**  
**Graph 4—Non-acquisition Expense—All Distribution Systems Combined**  
**Per Policy Inforce**

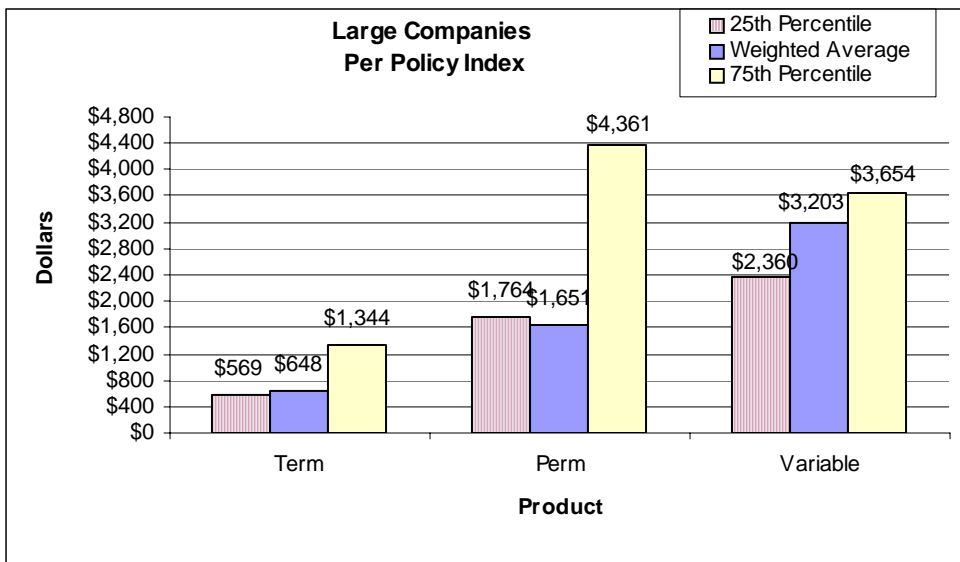
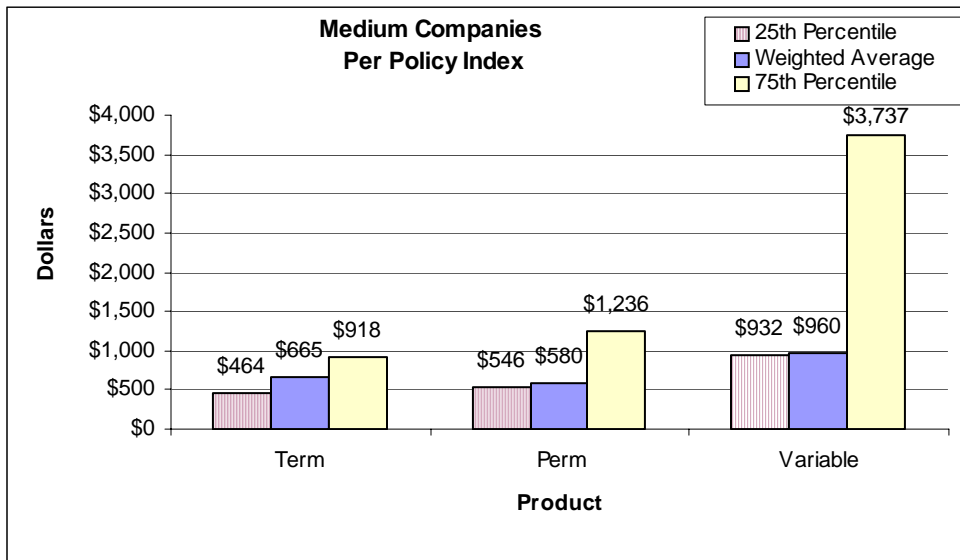
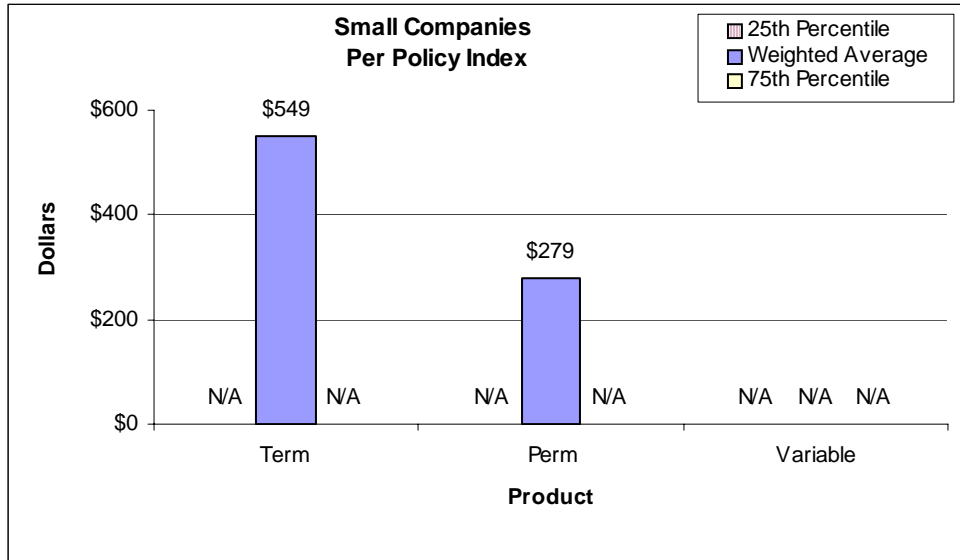


**2004 Life Products**  
**Graph 5—Acquisition Expense—All Distributions Systems Combined**  
**Renewal Commission Percent**

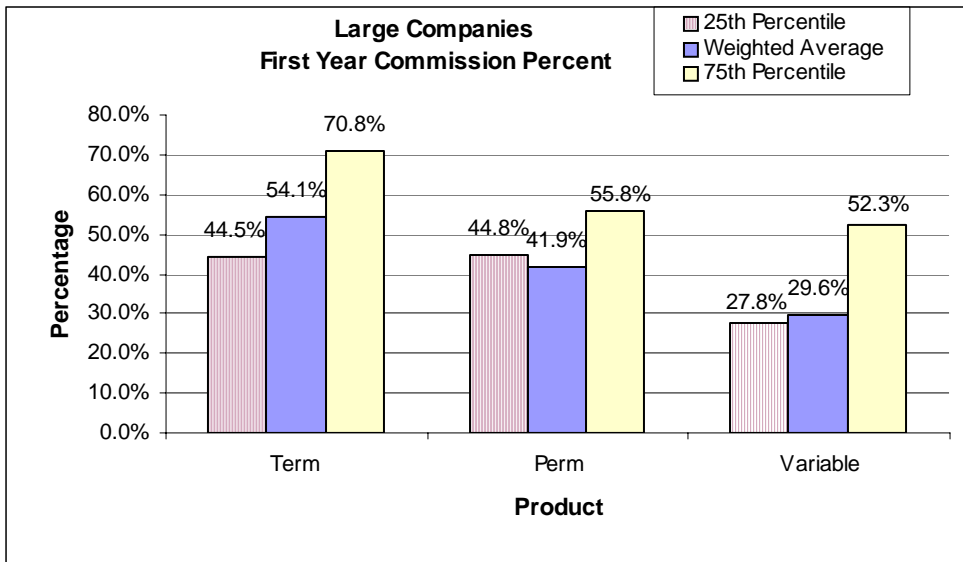
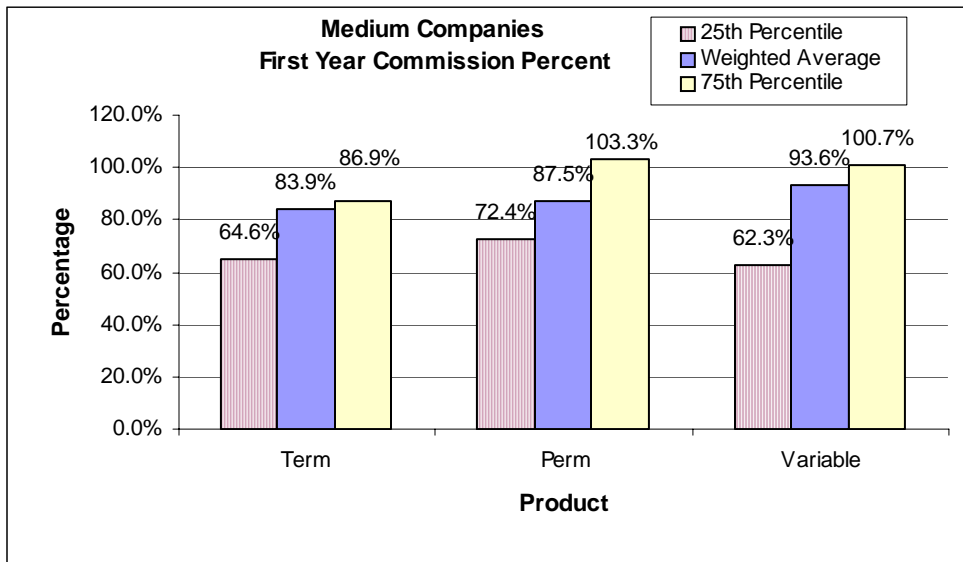
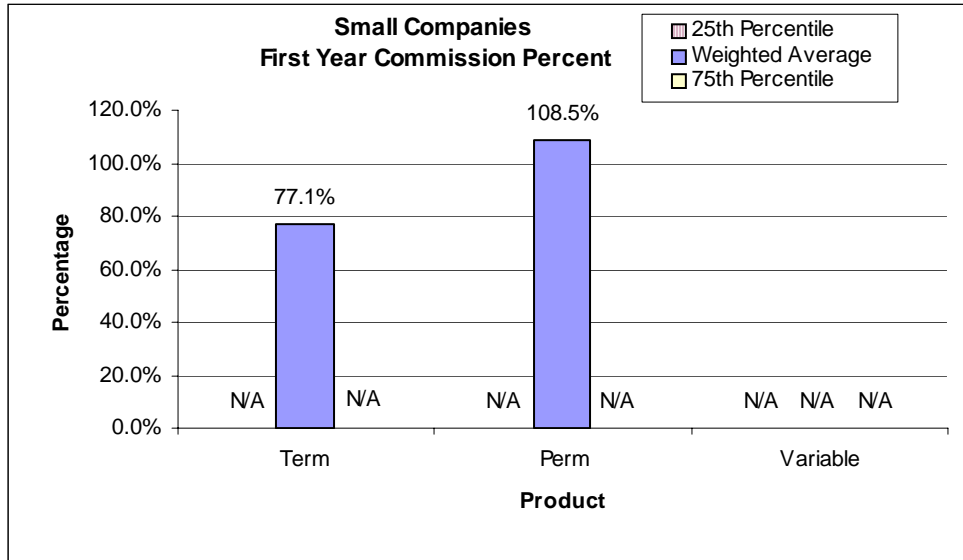




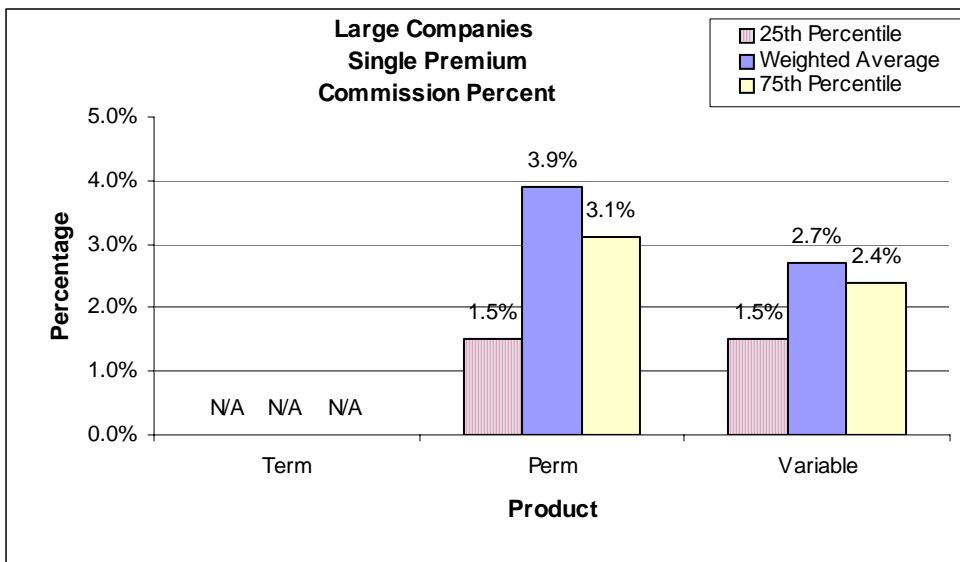
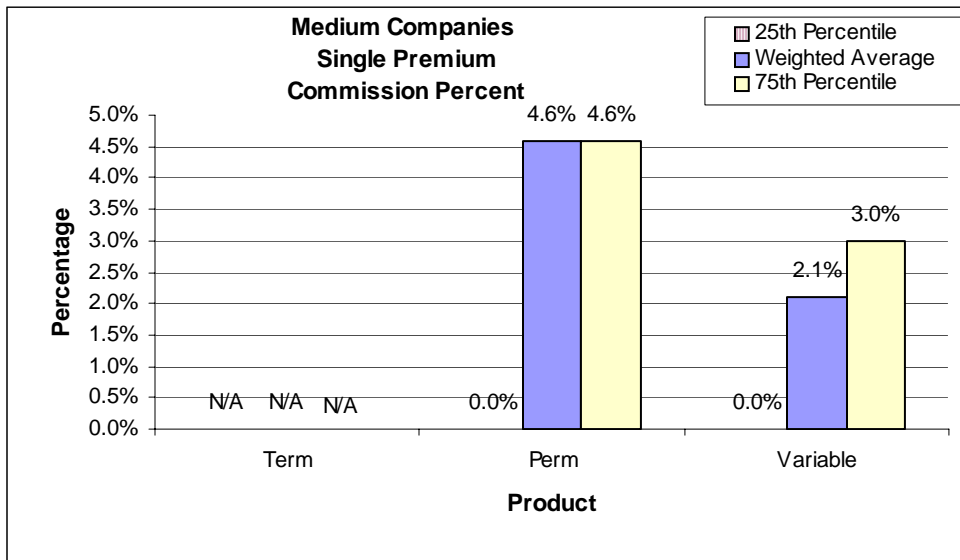
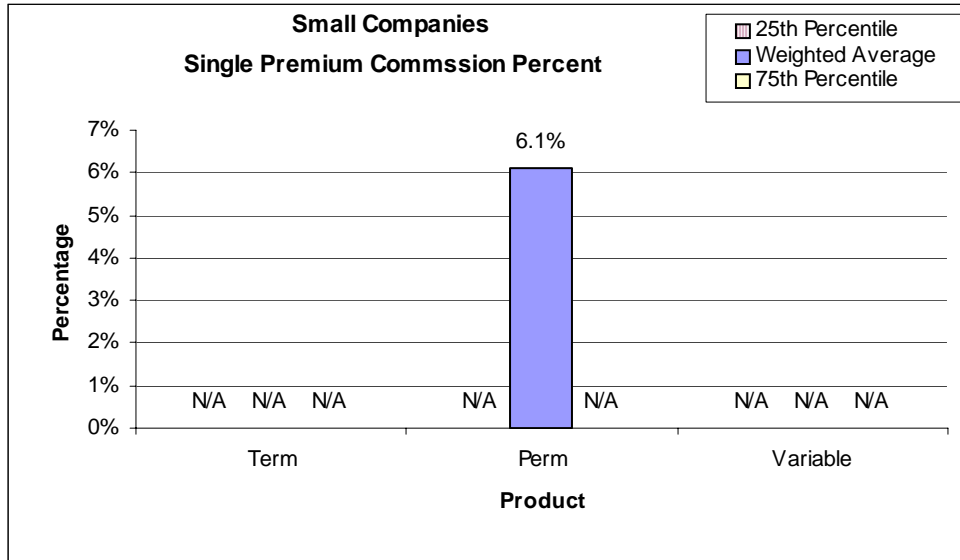
**2004 Life Products**  
**Graph 6—Acquisition Expense—All Distribution Systems Combined**  
**Per Policy Index**



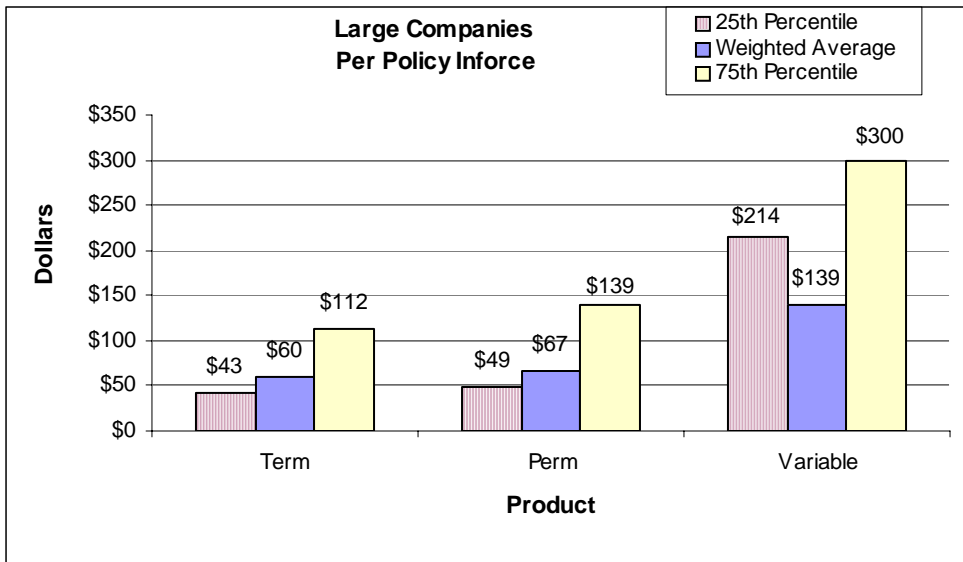
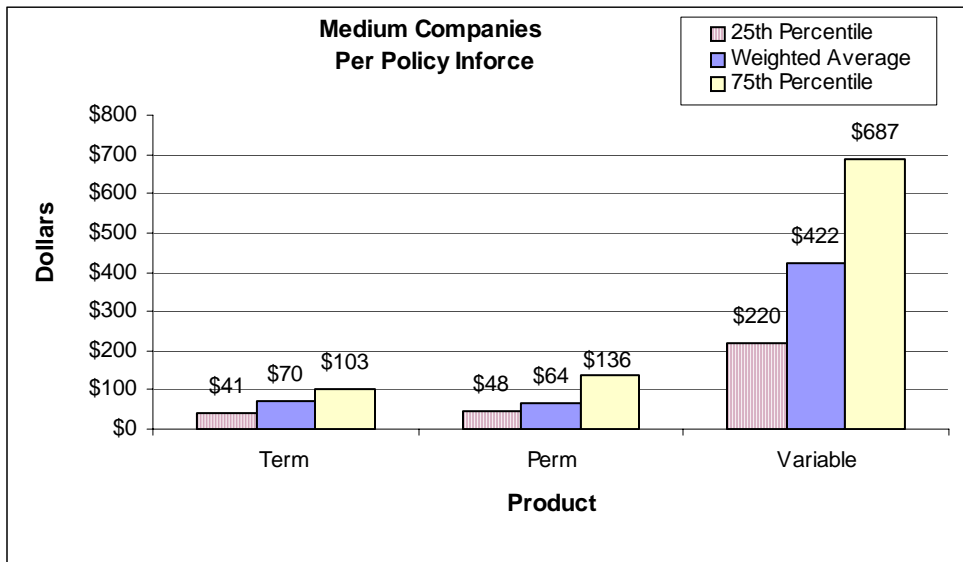
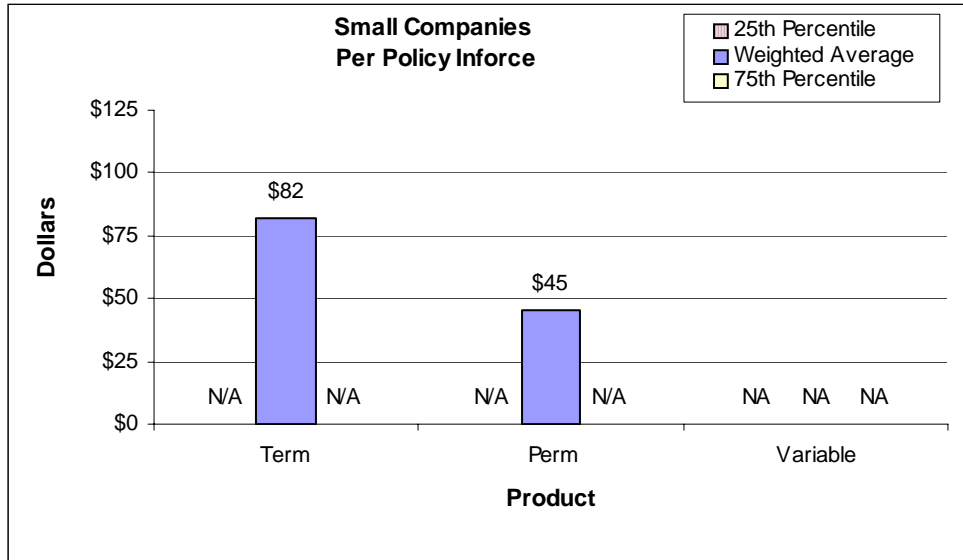
**2004 Life Products**  
**Graph 7—Acquisition Expense—All Distribution Systems Combined**  
**First Year Commission Percent**



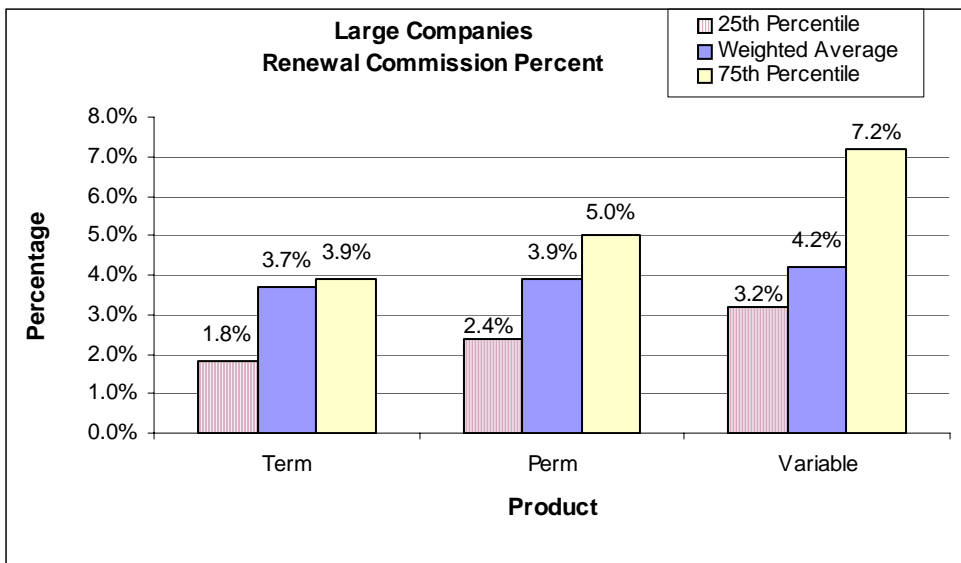
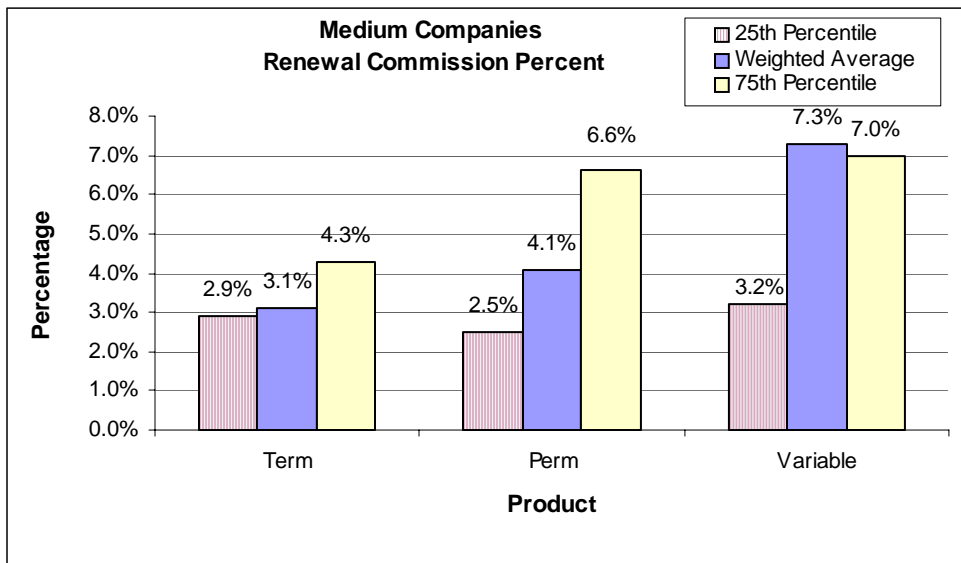
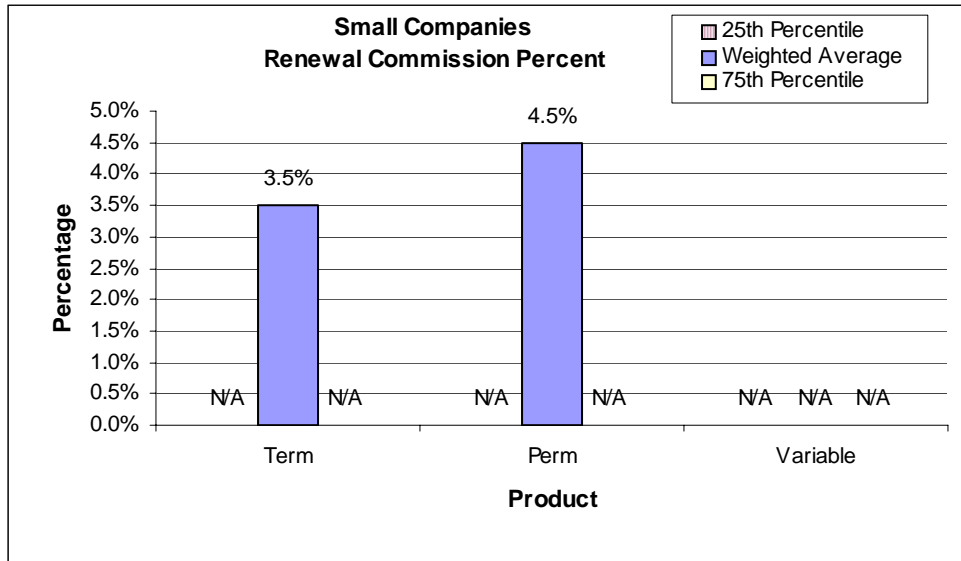
**2004 Life Products**  
**Graph 8—Acquisition Expense—All Distribution Systems Combined**  
**Single Premium Commission Percent**



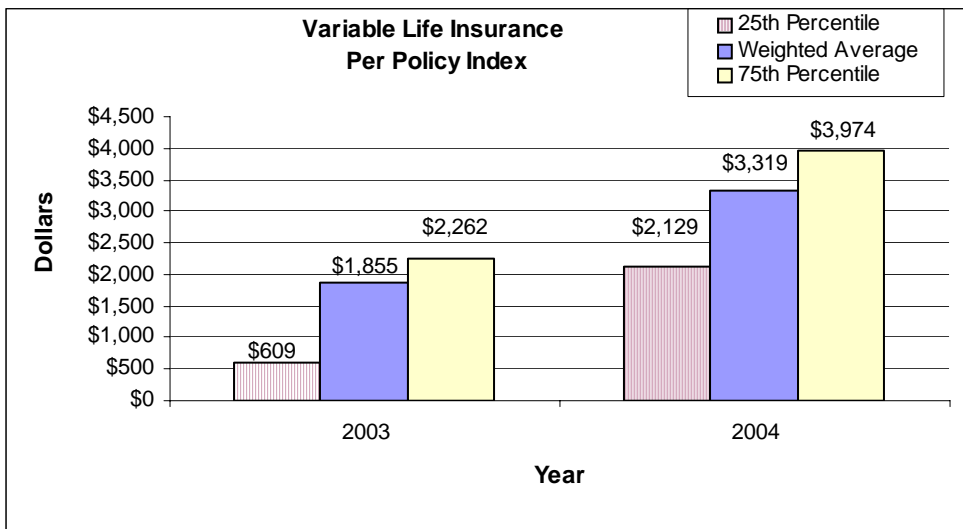
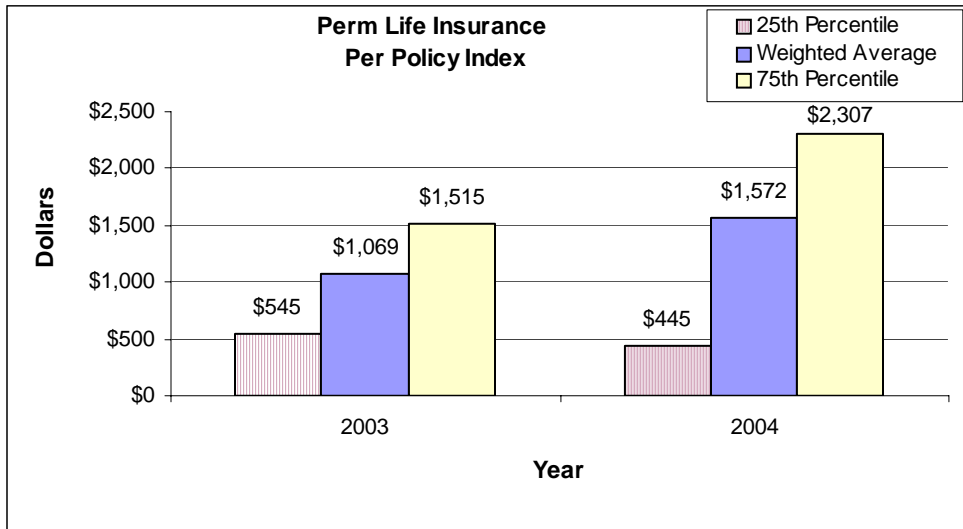
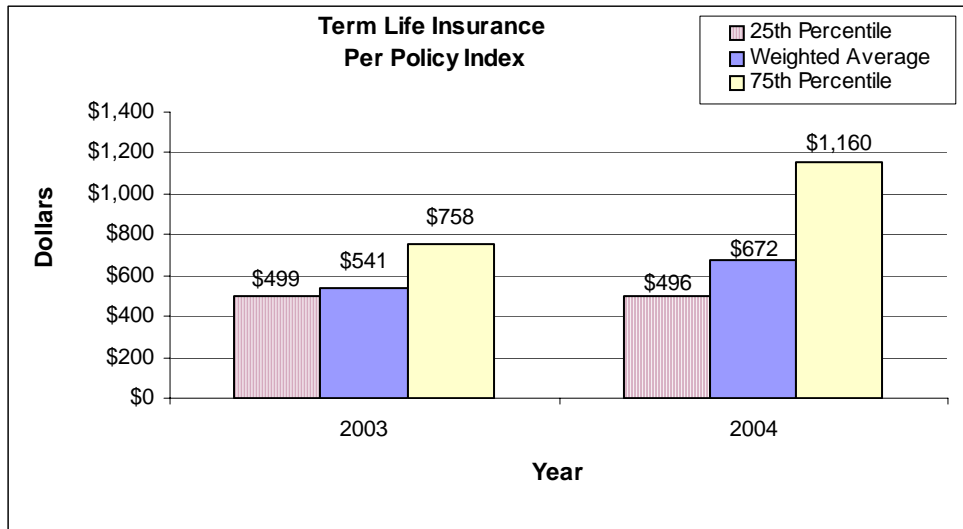
**2004 Life Products**  
**Graph 9—Non-acquisition Expense—All Distribution Systems Combined**  
**Per Policy Inforce**



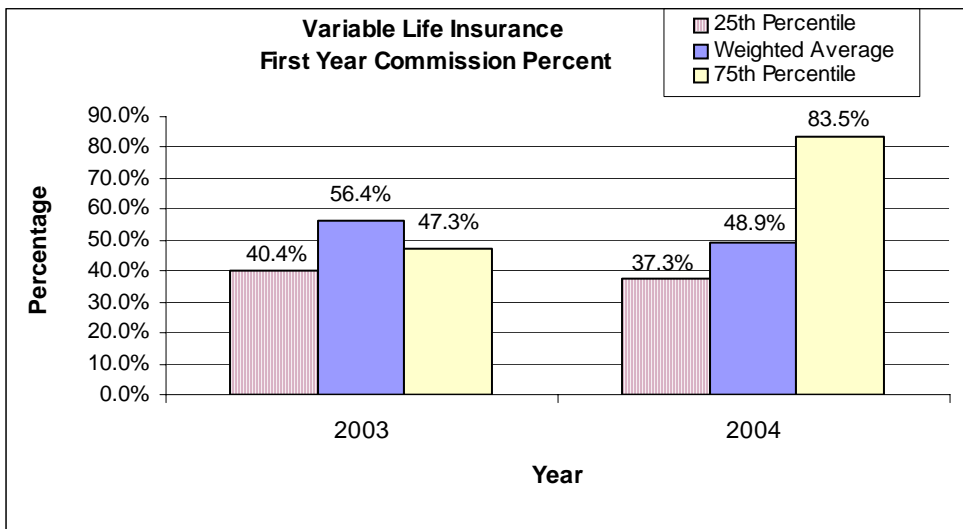
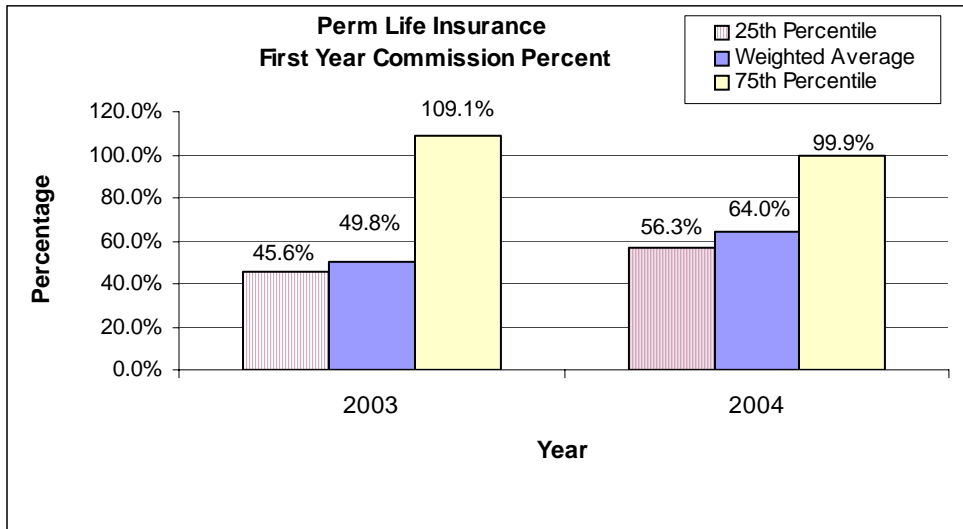
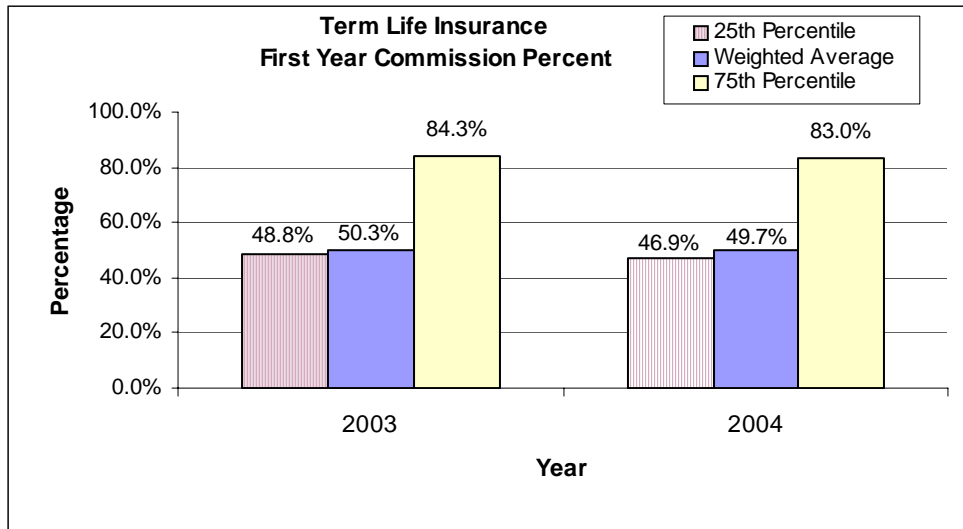
**2004 Life Products**  
**Graph 10—Acquisition Expense—All Distribution Systems Combined**  
**Renewal Commission Percent**



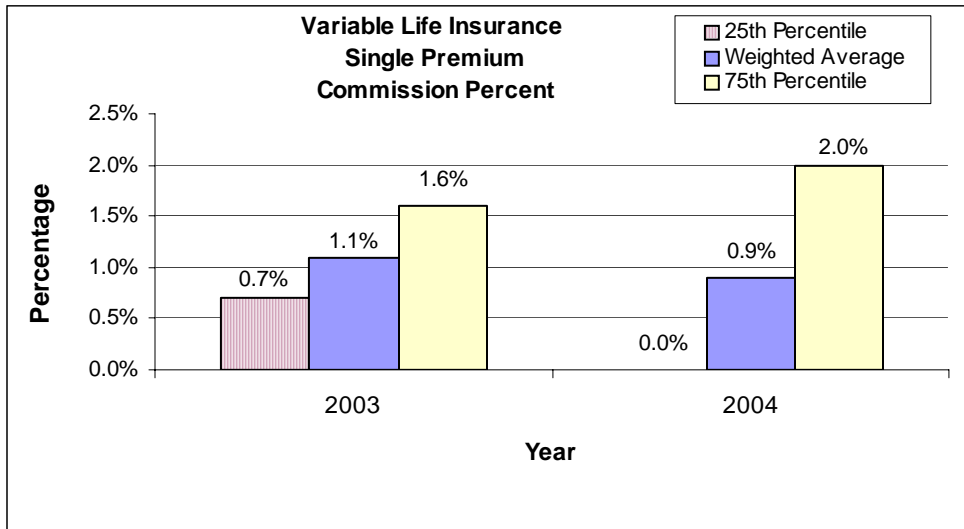
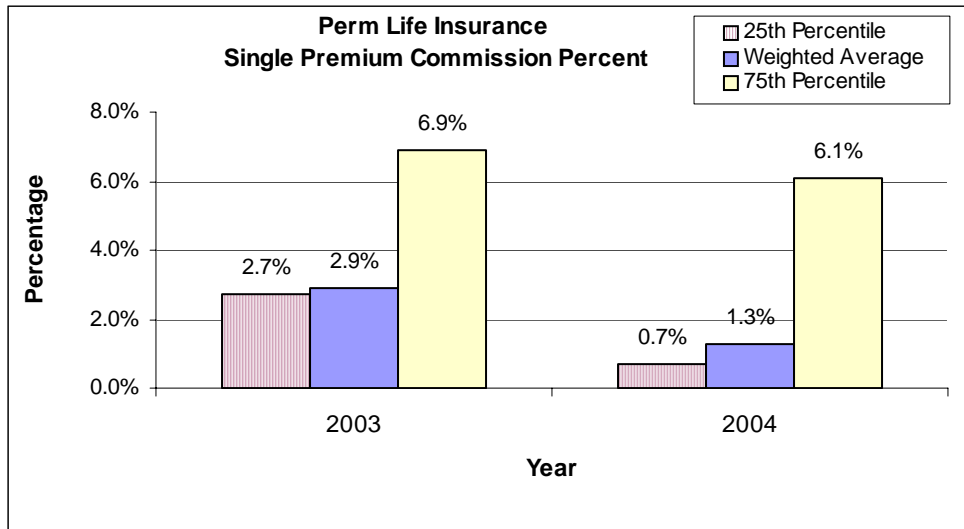
**Graph 11—Comparison of 2003 & 2004 Results  
Based on only Companies Contributing in both 2003 & 2004  
Acquisition—All Distribution Systems Combined  
Per Policy Index**



**Graph 12—Comparison of 2003 & 2004 Results  
Based on only Companies Contributing in both 2003 & 2004  
Acquisition—All Distribution Systems Combined  
First Year Commission Percent**

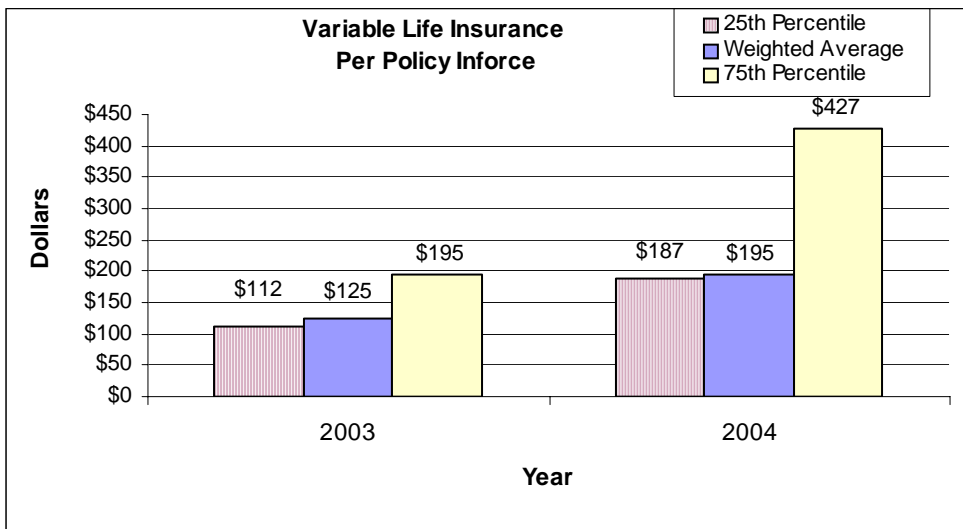
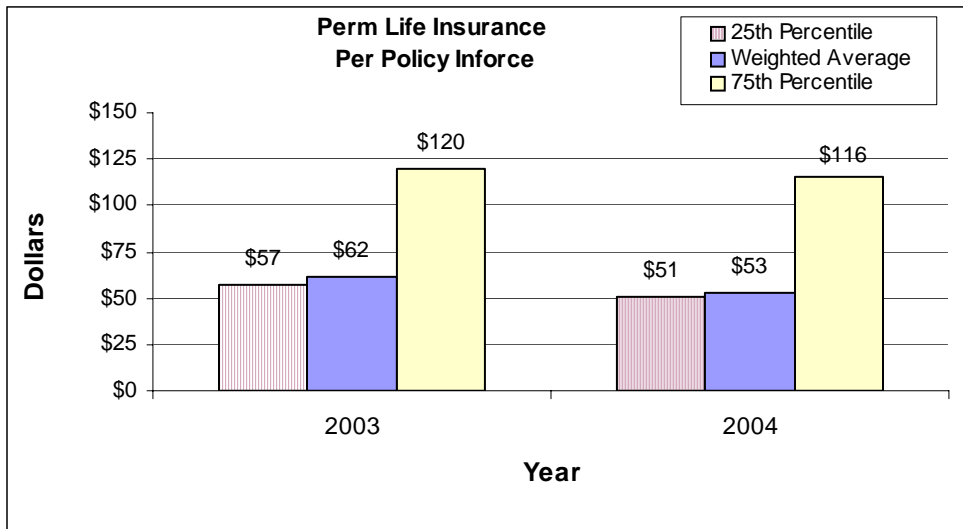
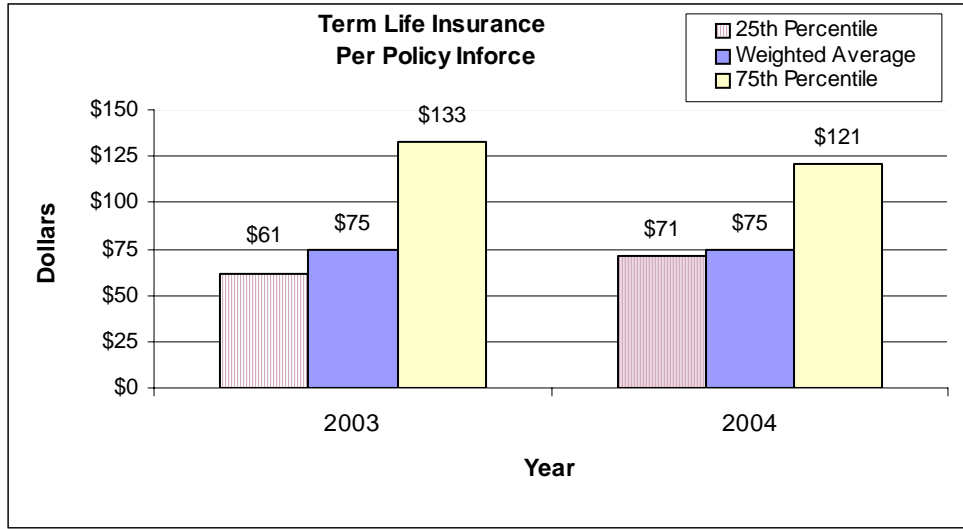


**Graph 13—Comparison of 2003 & 2004 Results  
Based on only Companies Contributing in both 2003 & 2004  
Acquisition—All Distribution Systems Combined  
Single Premium Commission Percent**

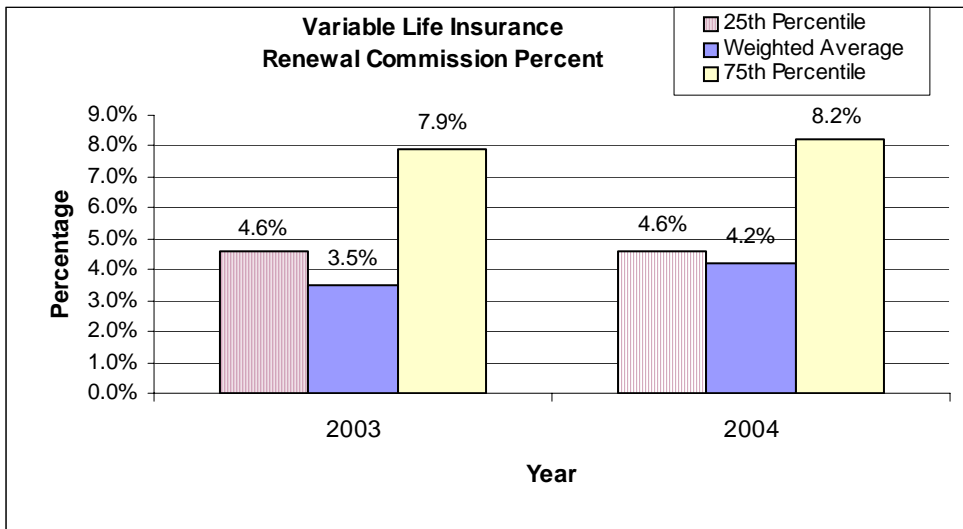
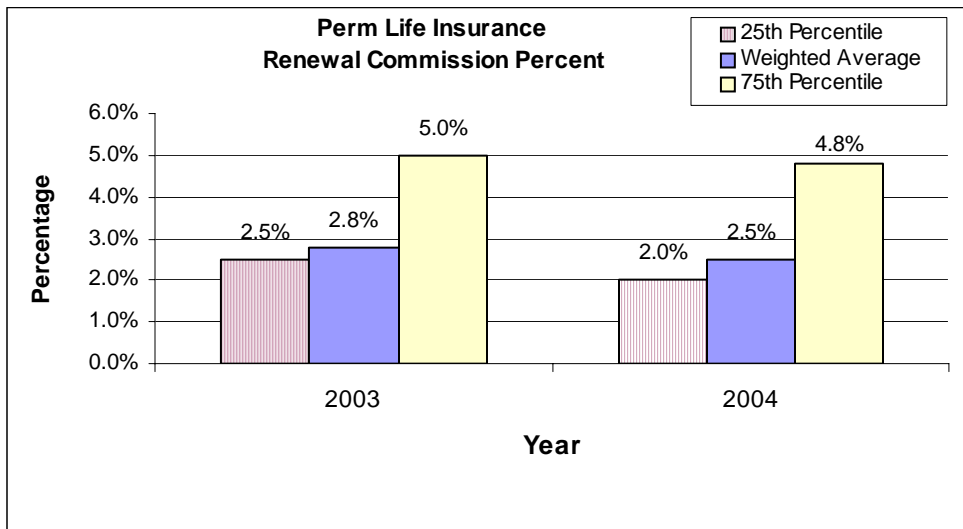
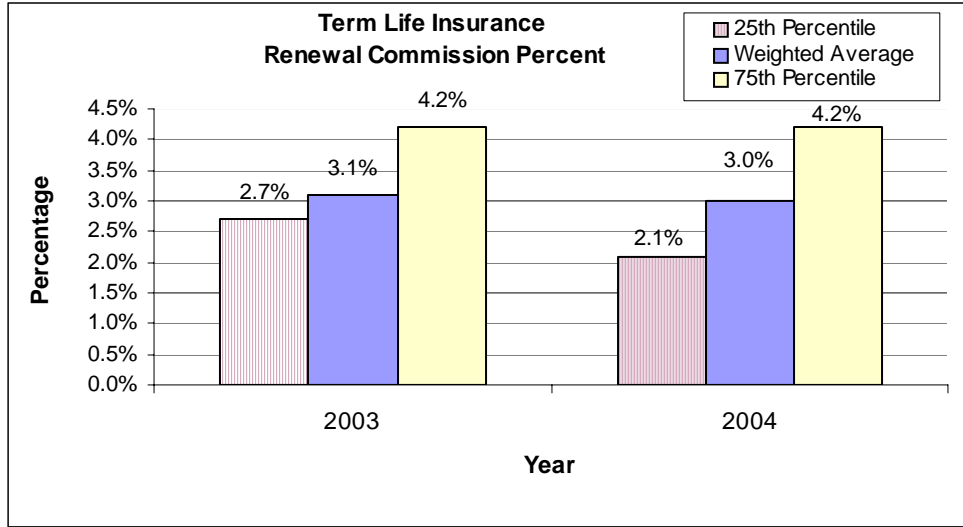




**Graph 14—Comparison of 2003 & 2004 Results  
Based on only Companies Contributing in both 2003 & 2004  
Non-acquisition—All Distribution Systems Combined  
Per Policy Inforce**



**Graph 15—Comparison of 2003 & 2004 Results  
Based on only Companies Contributing in both 2003 & 2004  
Acquisition—All Distribution Systems Combined  
Renewal Commission Percent**



## 2004 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 10

### Fixed Deferred Annuity

#### CAREER

Number of Companies = 15

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
<b>Weighted Average</b>	\$196	3.7%	\$1,461	3.8%	5.5%
<b>Unweighted Average</b>	\$189	2.7%	\$1,007	3.8%	7.4%
<b>Median</b>	\$124	1.5%	\$516	3.7%	4.5%
<b>25th Percentile</b>	\$66	0.8%	\$341	3.1%	2.2%
<b>75th Percentile</b>	\$237	3.3%	\$1,160	4.6%	6.2%

#### BROKERAGE

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
<b>Weighted Average</b>	\$109	1.0%	\$505	3.9%	4.9%
<b>Unweighted Average</b>	\$132	1.8%	\$1,009	3.9%	4.6%
<b>Median</b>	\$105	0.7%	\$516	4.0%	5.1%
<b>25th Percentile</b>	\$59	0.5%	\$324	3.2%	2.9%
<b>75th Percentile</b>	\$169	1.9%	\$718	4.6%	6.9%

#### STOCKBROKER

Number of Companies = 3

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
<b>Weighted Average</b>	\$137	1.6%	\$543	2.8%	0.5%
<b>Unweighted Average</b>	\$120	0.9%	\$526	3.6%	3.6%
<b>Median</b>	\$63	0.6%	\$72	3.8%	3.6%

#### FINANCIAL INSTITUTIONS

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
<b>Weighted Average</b>	\$129	0.9%	\$689	4.9%	5.2%
<b>Unweighted Average</b>	\$240	0.7%	\$806	4.6%	5.2%
<b>Median</b>	\$128	0.7%	\$655	4.6%	4.7%
<b>25th Percentile</b>	\$67	0.3%	\$261	4.2%	1.9%
<b>75th Percentile</b>	\$272	1.0%	\$778	5.1%	8.1%

## 2004 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 10

### Fixed Deferred Annuity

**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
<b>Weighted Average</b>	\$145	1.5%	\$874	4.9%	5.1%
<b>Unweighted Average</b>	\$226	1.8%	\$1,082	4.0%	7.4%
<b>Median</b>	\$158	1.2%	\$528	3.8%	4.1%
<b>25th Percentile</b>	\$90	0.6%	\$333	3.2%	2.3%
<b>75th Percentile</b>	\$225	2.1%	\$1,234	4.7%	6.2%

**TOTAL**

Number of Companies = 24

	Non-Acquisition All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
<b>Weighted Average</b>	\$113	\$45	\$12	0.1%	\$32,510
<b>Unweighted Average</b>	\$118	\$63	\$41	0.3%	\$27,218
<b>Median</b>	\$101	\$29	\$12	0.1%	\$29,741
<b>25th Percentile</b>	\$62	\$29	\$11	0.0%	\$13,112
<b>75th Percentile</b>	\$164	\$52	\$21	0.3%	\$40,204

## 2004 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
<b>Weighted Average</b>	\$105	2.0%	\$1,438	3.0%	N/A
<b>Unweighted Average</b>	\$112	1.3%	\$1,065	2.9%	N/A
<b>Median</b>	\$82	0.7%	\$516	2.8%	N/A
<b>25th Percentile</b>	\$71	0.3%	\$299	2.0%	N/A
<b>75th Percentile</b>	\$119	1.9%	\$1,592	3.3%	N/A

#### BROKERAGE

Number of Companies = 3

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
<b>Weighted Average</b>	\$73	0.2%	\$414	2.6%	N/A
<b>Unweighted Average</b>	\$351	0.3%	\$961	3.2%	N/A
<b>Median</b>	\$66	0.3%	\$516	2.8%	N/A

#### TOTAL

Number of Companies = 17

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
<b>Weighted Average</b>	\$168	1.6%	\$1,310	2.4%	N/A
<b>Unweighted Average</b>	\$298	1.0%	\$1,582	2.6%	N/A
<b>Median</b>	\$118	0.8%	\$552	2.5%	N/A
<b>25th Percentile</b>	\$66	0.1%	\$194	1.4%	N/A
<b>75th Percentile</b>	\$255	0.9%	\$2,313	3.3%	N/A

#### TOTAL

Number of Companies = 17

	Non-Acquisition All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
<b>Weighted Average</b>	\$135	\$27	\$5	0.2%	\$30,563
<b>Unweighted Average</b>	\$192	\$38	\$11	0.6%	\$37,349
<b>Median</b>	\$84	\$29	\$7	0.2%	\$34,242
<b>25th Percentile</b>	\$57	\$29	\$4	0.1%	\$23,540
<b>75th Percentile</b>	\$174	\$29	\$12	0.4%	\$46,892

## 2004 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 12

### Variable Deferred 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
<b>Weighted Average</b>	\$181	4.5%	\$2,001	3.8%	3.0%
<b>Unweighted Average</b>	\$158	3.1%	\$1,230	4.3%	4.8%
<b>Median</b>	\$177	3.1%	\$620	3.6%	4.0%
<b>25th Percentile</b>	\$129	1.0%	\$422	3.1%	2.4%
<b>75th Percentile</b>	\$194	4.5%	\$1,852	5.3%	6.4%

#### BROKERAGE

Number of Companies = 5

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
<b>Weighted Average</b>	\$104	1.9%	\$1,235	6.2%	5.2%
<b>Unweighted Average</b>	\$387	2.7%	\$1,372	9.3%	10.2%
<b>Median</b>	\$97	2.1%	\$1,022	5.7%	8.7%
<b>25th Percentile</b>	\$67	0.8%	\$414	5.7%	6.2%
<b>75th Percentile</b>	\$416	3.6%	\$1,981	6.4%	12.7%

#### STOCKBROKER

Number of Companies = 3

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
<b>Weighted Average</b>	\$87	0.3%	\$386	3.1%	4.4%
<b>Unweighted Average</b>	\$337	3.3%	\$1,492	18.1%	3.2%
<b>Median</b>	\$46	2.7%	\$243	5.2%	3.2%

#### FINANCIAL INSTITUTIONS

Number of Companies = 3

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
<b>Weighted Average</b>	\$154	1.4%	\$924	4.7%	11.6%
<b>Unweighted Average</b>	\$284	2.0%	\$1,641	5.7%	12.7%
<b>Median</b>	\$139	1.0%	\$913	4.7%	5.8%

#### TOTAL

Number of Companies = 13

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
<b>Weighted Average</b>	\$144	2.3%	\$1,401	4.8%	3.8%
<b>Unweighted Average</b>	\$288	2.6%	\$1,306	6.2%	7.0%
<b>Median</b>	\$174	2.7%	\$654	5.1%	5.6%
<b>25th Percentile</b>	\$105	0.8%	\$329	3.2%	3.1%
<b>75th Percentile</b>	\$192	4.2%	\$2,429	5.7%	8.3%

## 2004 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 12

### Variable Deferred Annuity

**TOTAL**

**Number of Companies = 13**

Non-Acquisition All Distribution Systems Combined					
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
<b>Weighted Average</b>	\$192	\$32	\$12	0.1%	\$35,507
<b>Unweighted Average</b>	\$244	\$46	\$13	0.2%	\$24,866
<b>Median</b>	\$214	\$29	\$12	0.1%	\$26,238
<b>25th Percentile</b>	\$134	\$29	\$10	0.0%	\$8,151
<b>75th Percentile</b>	\$300	\$39	\$12	0.3%	\$36,082

**2004 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	15	\$196	3.7%	\$1,461	3.8%	5.5%
Fixed Immediate Annuity	8	\$105	2.0%	\$1,438	3.0%	N/A
Variable Deferred Annuity	8	\$181	4.5%	\$2,001	3.8%	3.0%
<b>TOTAL</b>	15	\$182	4.2%	\$1,849	3.7%	3.5%

**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	\$109	1.0%	\$505	3.9%	4.9%
<b>TOTAL</b>	8	\$106	1.7%	\$1,015	5.7%	5.2%

**TOTAL**

	Number of Companies	Acquisition			Commission Percent	
		Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
Fixed Deferred Annuity	15	\$145	1.5%	\$874	4.9%	5.1%
Fixed Immediate Annuity	17	\$168	1.6%	\$1,310	2.4%	N/A
Variable Deferred Annuity	13	\$144	2.3%	\$1,401	4.8%	3.8%
<b>TOTAL</b>	24	\$145	2.0%	\$1,202	4.8%	4.1%

**TOTAL**

	Number of Companies	Non-Acquisition - All Distribution Systems Combined				
		Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
Fixed Deferred Annuity	15	\$113	\$45	\$12	0.1%	\$32,510
Fixed Immediate Annuity	17	\$135	\$27	\$5	0.2%	\$30,563
Variable Deferred Annuity	13	\$192	\$32	\$12	0.1%	\$35,507
<b>TOTAL</b>	24	\$154	\$37	\$10	0.1%	\$34,017

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



## 2004 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 14

### Fixed Deferred Annuity

**SMALL**

Number of Companies = 10

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
<b>Weighted Average</b>	\$183	1.2%	\$592	4.2%	3.5%
<b>Unweighted Average</b>	\$316	2.1%	\$1,430	4.0%	3.4%
<b>Median</b>	\$163	1.2%	\$493	3.8%	2.9%
<b>25th Percentile</b>	\$64	0.8%	\$311	3.5%	2.4%
<b>75th Percentile</b>	\$237	1.7%	\$528	4.7%	3.9%

**SMALL**

Number of Companies = 10

	Non-Acquisition All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
<b>Weighted Average</b>	\$78	\$38	\$60	0.4%	\$27,524
<b>Unweighted Average</b>	\$82	\$74	\$18	0.6%	\$22,583
<b>Median</b>	\$72	\$0	\$11	0.3%	\$18,985
<b>25th Percentile</b>	\$58	\$0	\$6	0.1%	\$10,063
<b>75th Percentile</b>	\$101	\$16	\$23	1.3%	\$37,746

**MEDIUM**

Number of Companies = 9

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
<b>Weighted Average</b>	\$172	1.0%	\$489	3.6%	5.4%
<b>Unweighted Average</b>	\$755	2.0%	\$1,491	4.3%	11.6%
<b>Median</b>	\$174	1.3%	\$633	3.4%	3.6%
<b>25th Percentile</b>	\$124	0.7%	\$516	2.4%	1.2%
<b>75th Percentile</b>	\$282	3.5%	\$1,452	4.6%	17.0%

**MEDIUM**

Number of Companies = 9

	Non-Acquisition All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
<b>Weighted Average</b>	\$86	\$61	\$21	0.1%	\$24,533
<b>Unweighted Average</b>	\$145	\$42	\$73	0.1%	\$33,624
<b>Median</b>	\$160	\$34	\$13	0.1%	\$39,054
<b>25th Percentile</b>	\$80	\$15	\$3	0.0%	\$17,237
<b>75th Percentile</b>	\$193	\$70	\$105	0.1%	\$45,075

## 2004 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY

Table 14

### Fixed Deferred Annuity

**LARGE**

**Number of Companies = 6**

	Acquisition			Commission Percent	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
<b>Weighted Average</b>	\$137	1.7%	\$1,063	5.2%	5.1%
<b>Unweighted Average</b>	\$153	1.5%	\$1,004	4.7%	8.6%
<b>Median</b>	\$111	1.4%	\$965	4.7%	5.1%
<b>25th Percentile</b>	\$95	0.7%	\$399	4.0%	4.7%
<b>75th Percentile</b>	\$190	2.2%	\$1,511	5.1%	7.2%

**LARGE**

**Number of Companies = 6**

	Non-Acquisition All Distribution Systems Combined				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
<b>Weighted Average</b>	\$129	\$15	\$8	0.1%	\$36,404
<b>Unweighted Average</b>	\$149	\$16	\$23	0.1%	\$33,664
<b>Median</b>	\$137	\$0	\$3	0.0%	\$31,051
<b>25th Percentile</b>	\$98	\$0	\$0	0.0%	\$29,741
<b>75th Percentile</b>	\$165	\$29	\$6	0.1%	\$37,004

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

**2004 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY**

**Table 15**

**Fixed Immediate Annuity**

**SMALL**

**Number of Companies = 7**

	<b>Acquisition</b>			<b>Commission Percent</b>	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
<b>Weighted Average</b>	\$121	0.7%	\$601	1.7%	N/A
<b>Unweighted Average</b>	\$390	1.0%	\$2,208	2.0%	N/A
<b>Median</b>	\$90	0.8%	\$378	1.7%	N/A
<b>25th Percentile</b>	\$52	0.0%	\$74	1.3%	N/A
<b>75th Percentile</b>	\$196	1.1%	\$1,592	2.9%	N/A

**SMALL**

**Number of Companies = 7**

	<b>Non-Acquisition All Distribution Systems Combined</b>				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
<b>Weighted Average</b>	\$118	\$0	\$6	0.5%	\$39,724
<b>Unweighted Average</b>	\$91	\$0	\$7	0.7%	\$44,631
<b>Median</b>	\$62	\$0	\$6	0.2%	\$32,771
<b>25th Percentile</b>	\$61	\$0	\$4	0.2%	\$22,262
<b>75th Percentile</b>	\$108	\$0	\$9	1.1%	\$52,342

**MEDIUM**

**Number of Companies = 5**

	<b>Acquisition</b>			<b>Commission Percent</b>	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
<b>Weighted Average</b>	\$231	0.7%	\$1,174	2.1%	N/A
<b>Unweighted Average</b>	\$340	0.5%	\$1,233	3.4%	N/A
<b>Median</b>	\$174	0.7%	\$552	3.2%	N/A

**MEDIUM**

**Number of Companies = 5**

	<b>Non-Acquisition All Distribution Systems Combined</b>				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
<b>Weighted Average</b>	\$135	\$32	\$19	0.1%	\$15,983
<b>Unweighted Average</b>	\$414	\$62	\$20	0.8%	\$29,718
<b>Median</b>	\$125	\$0	\$15	0.3%	\$38,071

**2004 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY**

**Table 15**

**Fixed Immediate Annuity**

**LARGE**

**Number of Companies = 5**

	<b>Acquisition</b>			<b>Commission Percent</b>	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
<b>Weighted Average</b>	\$157	2.1%	\$1,356	2.6%	N/A
<b>Unweighted Average</b>	\$128	1.4%	\$1,054	2.6%	N/A
<b>Median</b>	\$118	0.9%	\$625	2.1%	N/A

**LARGE**

**Number of Companies = 5**

	<b>Non-Acquisition</b>				
	<b>All Distribution Systems Combined</b>				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
<b>Weighted Average</b>	\$137	\$6	\$2	0.2%	\$32,293
<b>Unweighted Average</b>	\$117	\$4	\$1	0.2%	\$34,143
<b>Median</b>	\$110	\$0	\$0	0.2%	\$34,242

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

**2004 INDIVIDUAL LIFE & ANNUITY EXPENSE STUDY**

**Table 16**

**Variable Deferred Annuity**

**MEDIUM**

**Number of Companies = 7**

	<b>Acquisition</b>			<b>Commission Percent</b>	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
<b>Weighted Average</b>	\$701	2.1%	\$1,534	6.5%	6.6%
<b>Unweighted Average</b>	\$843	2.8%	\$2,031	8.0%	6.0%
<b>Median</b>	\$183	2.2%	\$669	5.7%	6.2%
<b>25th Percentile</b>	\$140	1.5%	\$469	4.2%	3.0%
<b>75th Percentile</b>	\$1,113	3.6%	\$3,597	7.5%	9.8%

**MEDIUM**

**Number of Companies = 7**

	<b>Non-Acquisition All Distribution Systems Combined</b>				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
<b>Weighted Average</b>	\$194	\$19	\$2	0.1%	\$25,527
<b>Unweighted Average</b>	\$219	\$49	\$10	0.1%	\$21,742
<b>Median</b>	\$250	\$28	\$0	0.1%	\$18,265
<b>25th Percentile</b>	\$139	\$5	\$0	0.0%	\$7,037
<b>75th Percentile</b>	\$287	\$37	\$10	0.2%	\$35,032

**LARGE**

**Number of Companies = 6**

	<b>Acquisition</b>			<b>Commission Percent</b>	
	Per Policy Issued	Percent of First Year/Single Premium	Per Policy Index	First Year/Single Premium	Renewal Commission Percent
<b>Weighted Average</b>	\$138	2.3%	\$1,457	4.8%	3.5%
<b>Unweighted Average</b>	\$132	2.2%	\$1,225	5.0%	7.3%
<b>Median</b>	\$144	2.0%	\$983	5.1%	5.6%
<b>25th Percentile</b>	\$83	0.7%	\$394	4.3%	3.1%
<b>75th Percentile</b>	\$185	3.9%	\$2,149	5.1%	6.7%

**LARGE**

**Number of Companies = 6**

	<b>Non-Acquisition All Distribution Systems Combined</b>				
	Per Policy Inforce	Per Termination	Per Contract	Premium Tax as Percent of Premium	Average Account Balance
<b>Weighted Average</b>	\$212	\$7	\$11	0.1%	\$38,036
<b>Unweighted Average</b>	\$202	\$15	\$3	0.1%	\$36,786
<b>Median</b>	\$184	\$0	\$0	0.0%	\$36,766
<b>25th Percentile</b>	\$128	\$0	\$0	0.0%	\$34,761
<b>75th Percentile</b>	\$239	\$33	\$5	0.2%	\$44,628

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

**2004 INDIVIDUAL LIFE AND ANNUITY EXPENSE STUDY**  
Table 17

**Annuity Products - Comparison of 2003 and 2004 Unit Costs  
for Companies Contributing in both 2003 and 2004**

**Fixed Deferred Annuity**

Number of Companies Contributing = 8

	Acquisiton		Commission Percent				Non-acquisition	
	Per Policy Index		First Year/Single Premium		Renewal		Per Policy Inforce	
	2003	2004	2003	2004	2003	2004	2003	2004
<b>Weighted Average</b>	\$897	\$943	5.6%	5.5%	4.0%	4.1%	\$105	\$119
<b>25th Percentile</b>	\$346	\$516	4.3%	3.6%	2.5%	2.9%	\$99	\$94
<b>75th Percentile</b>	\$1,287	\$753	6.0%	5.5%	5.0%	4.9%	\$139	\$167
<b>25th Percentile Difference</b>		0%		-16%		-11%		-4%
<b>75th Percentile Difference</b>		65%		14%		8%		16%

**Fixed Immediate Annuity**

Number of Companies Contributing = 7

	Acquisiton		Commission Percent				Non-acquisition	
	Per Policy Index		First Year/Single Premium		Renewal		Per Policy Inforce	
	2003	2004	2003	2004	2003	2004	2003	2004
<b>Weighted Average</b>	\$1,246	\$731	2.7%	2.5%	N/A	N/A	\$100	\$133
<b>25th Percentile</b>	\$258	\$332	1.5%	2.0%	N/A	N/A	\$78	\$53
<b>75th Percentile</b>	\$750	\$773	4.9%	4.6%	N/A	N/A	\$107	\$137
<b>25th Percentile Difference</b>		-32%		-51%		N/A		-18%
<b>75th Percentile Difference</b>		20%		3%		N/A		6%

**Variable Deferred Annuity**

Number of Companies Contributing = 5

	Acquisiton		Commission Percent				Non-acquisition	
	Per Policy Index		First Year/Single Premium		Renewal		Per Policy Inforce	
	2003	2004	2003	2004	2003	2004	2003	2004
<b>Weighted Average</b>	\$1,686	\$1,830	5.1%	5.8%	1.9%	2.7%	\$145	\$259
<b>25th Percentile</b>	\$634	\$620	4.4%	5.1%	1.9%	3.0%	\$124	\$136
<b>75th Percentile</b>	\$1,562	\$1,151	5.9%	6.6%	3.6%	6.4%	\$185	\$253
<b>25th Percentile Difference</b>		-10%		-21%		8%		5%
<b>75th Percentile Difference</b>		6%		-21%		32%		30%

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

**2004 SOA Expense Study**  
**Table 18 - Total Expense Units - All Companies**

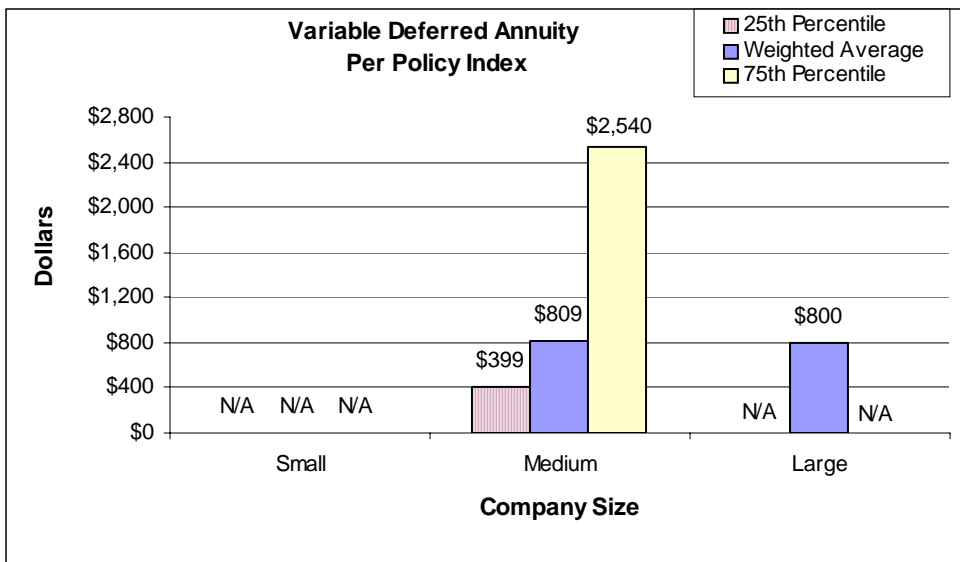
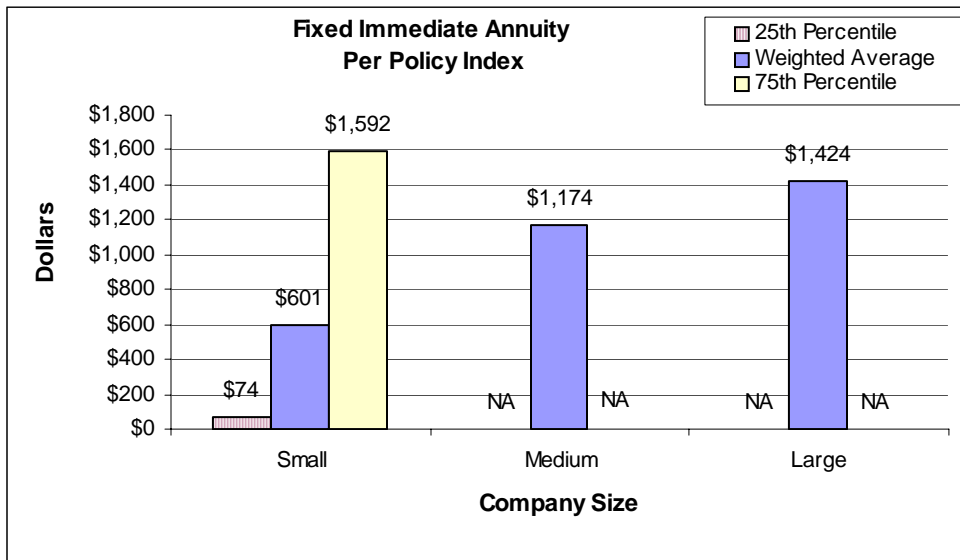
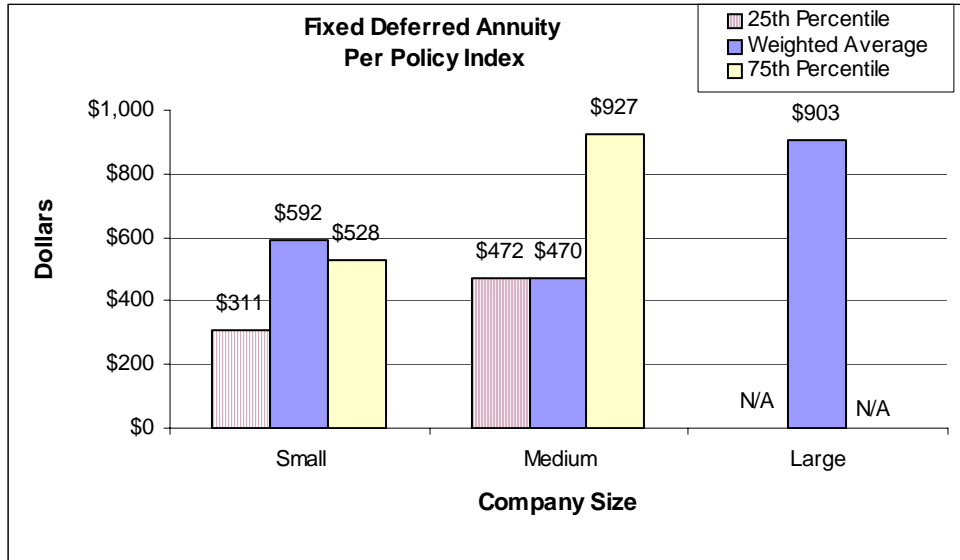
	Annuity Products							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
<b>A. New Business - Direct</b>								
1. Policies / Contracts Issued	251,475	120,018	0	64,122	78,011	841	103,636	618,103
2. First Year Premium Collected	6,979,948,078	5,194,516,336	0	5,028,495,615	759,598,719	21,583,512	5,394,817,494	23,378,959,755
3. Single Premium Collected	2,945,460,932	1,266,231,306	0	198,048,068	4,168,292,419	21,427,377	488,453,916	9,087,914,017
<b>B. Inforce - Direct - Current Year</b>								
1. Policies / Contracts	3,423,957	838,605	40,221	530,162	420,015	11,297	1,198,502	6,462,759
2. Volume (not applicable to annuities)	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
3. Renewal Premium Collected	3,414,207,052	930,927,907	41,374,558	356,735,873	92,360,309	3,898,119	373,040,272	5,212,544,091
4. Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	237,940,166,318	237,940,166,318
<b>C. Inforce - Direct - Previous Year</b>								
1. Policies / Contracts	2,380,326	377,782	0	511,505	224,283	11,235	1,140,978	4,646,109
2. Renewal Premium Collected	1,635,992,080	122,220,451	0	361,156,746	79,643,659	2,646,687	254,756,587	2,456,416,210
3. Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	145,035,546,772	145,035,546,772
<b>D. Claims/Contracts</b>								
1. Number of Surrenders/Lapses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	469,520	469,520
2. Number of Annuity Contracts on which a Periodic Payment was made	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	466,802	466,802

**2004 SOA Expense Study**  
**Table 18 -Total Expenses - All Companies**

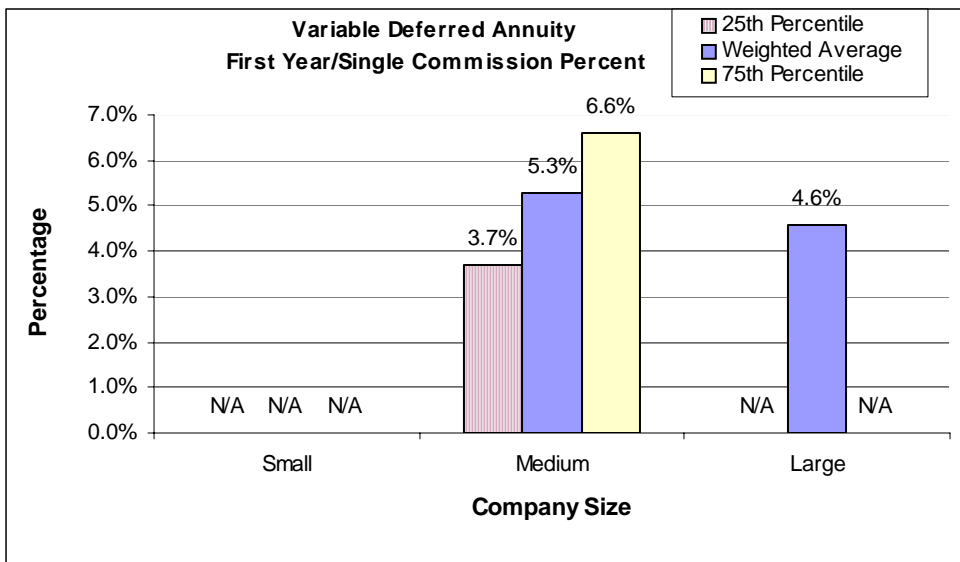
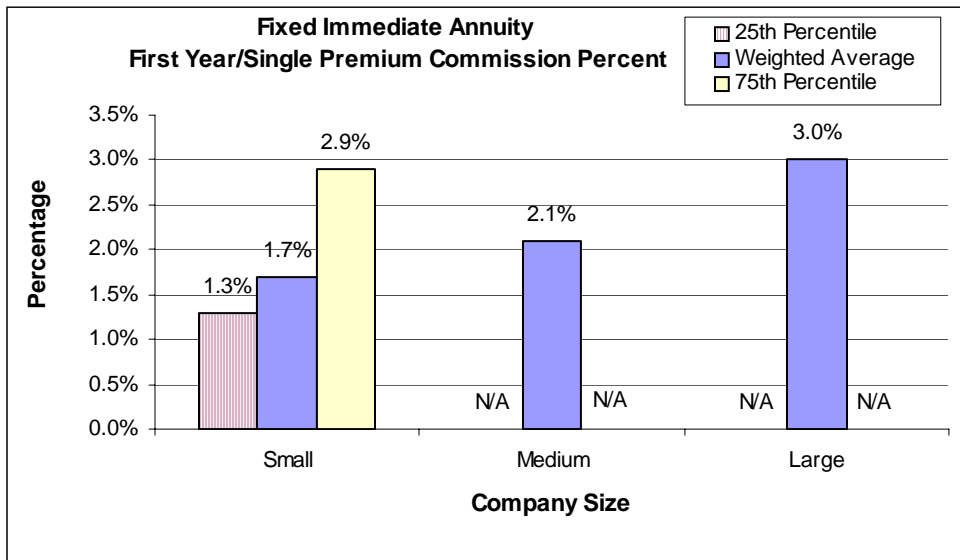
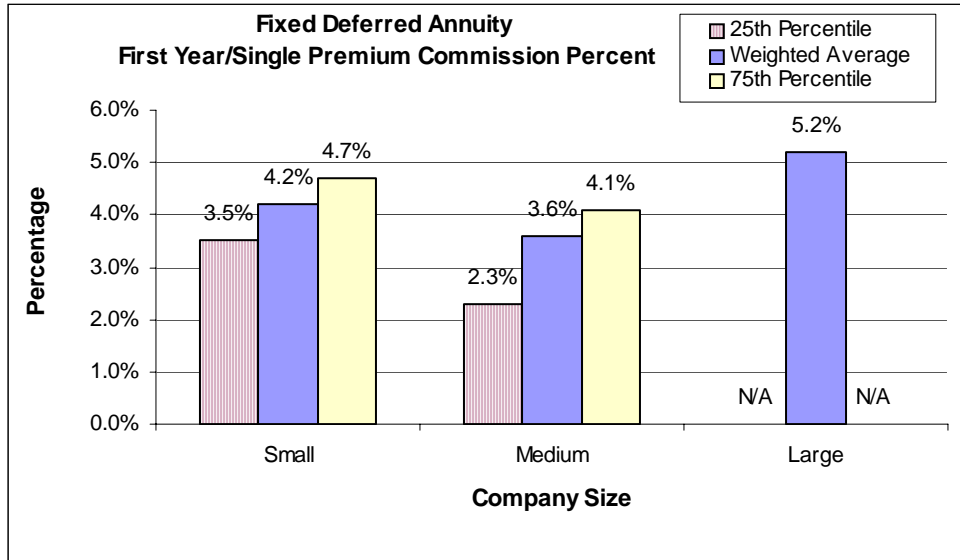
Function	Annuity Products							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
<b>E. Commissions Paid</b>								
1. First Year Commissions	300,637,195	310,631,063	0	155,394,274	35,310,624	996,777	389,928,264	1,192,898,197
2. Single Commissions	71,066,586	56,036,956	0	2,947,084	206,573,046	0	12,947,108	349,570,779
3. Renewal Commissions	119,712,601	48,763,501	947,422	13,109,961	7,330,880	872,533	22,782,020	213,518,918
<b>F. Acquisition / Developmental Expenses Paid</b>								
1. Sales / Marketing	407,320,725	106,743,468	2,167,291	21,498,098	44,373,553	155,914	49,408,431	631,667,480
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	22,124,567	7,757,519	0	5,420,361	8,355,657	43,590	2,849,844	46,551,538
5. Product Development	18,416,179	7,356,615	74,390	1,588,585	2,899,595	15,500	2,238,082	32,588,944
6. Other Acquisition - Please list								
a.	17,180,170	0	0	0	3,120	7,363	14,706,000	31,896,653
b.	0	0	0	0	0	0	0	0
c.	0	0	0	0	0	0	0	0
d.	0	0	0	0	0	0	0	0
<b>G. Other Expenses Paid</b>								
1. Benefit Department(s) / Claim Settlement Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	4,575,181	4,575,181
2. Policyowner Services	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	202,180,812	202,180,812
3. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	17,138,525	17,138,525
4. Significant Non-recurring Expenses (specify)								
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	55,809,043	55,809,043
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	570,684,346	570,684,346
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	41,752,263	41,752,263
7. Other non-overhead								
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	27,304,206	27,304,206
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0	0
<b>H. Premium Tax &amp; Guar Assoc Assessments</b>								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	42,618,404	42,618,404
<b>I. Total Expenses</b>								
	956,458,022	537,289,123	3,189,103	199,958,362	304,846,474	2,091,676	1,456,922,528	3,460,755,288



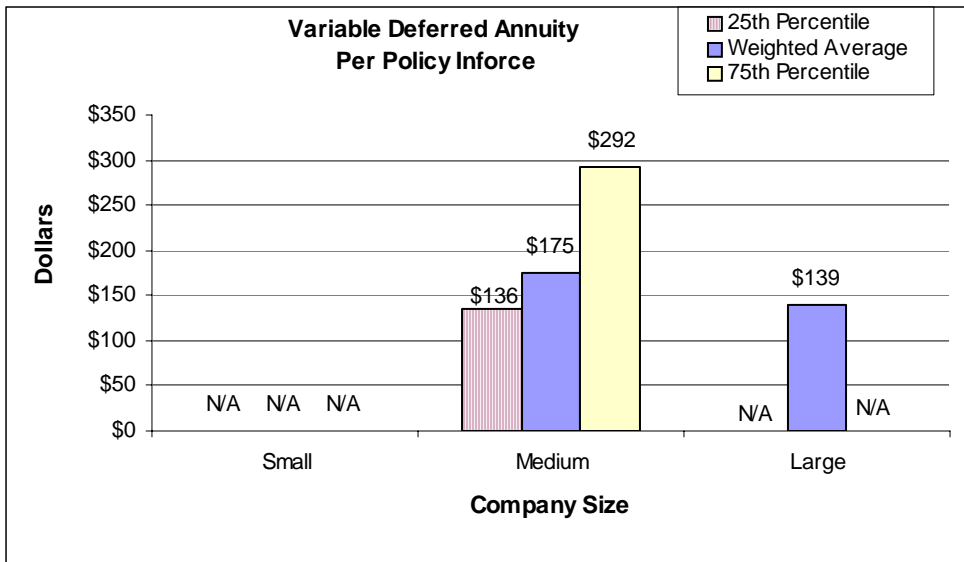
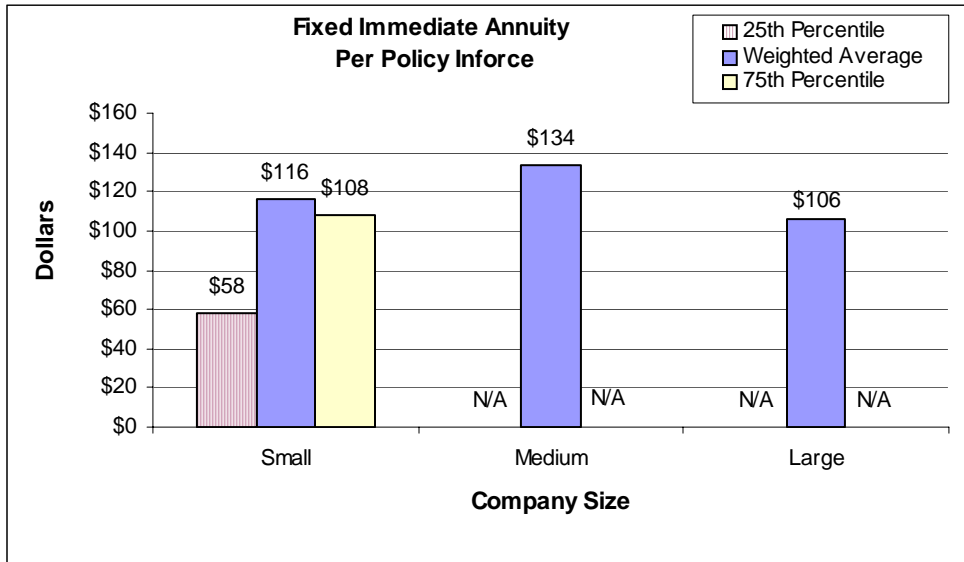
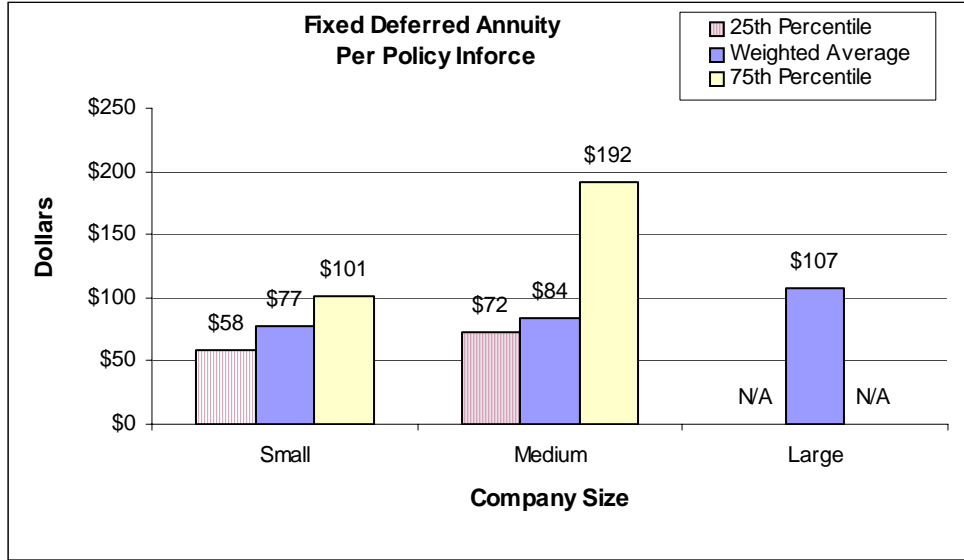
**2004 Annuity Products**  
**Graph 16—Acquisition Expense—All Distribution Systems Combined**  
**Per Policy Index**



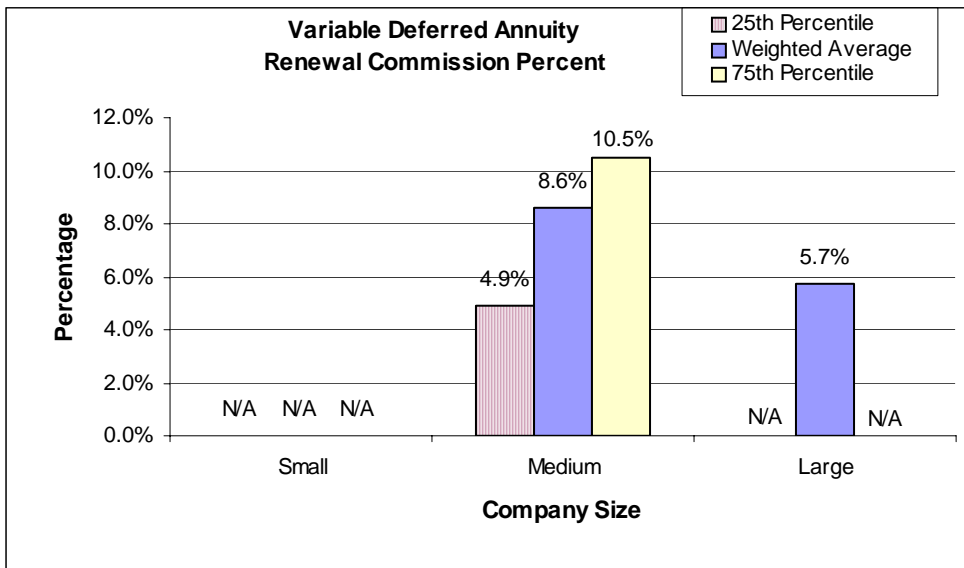
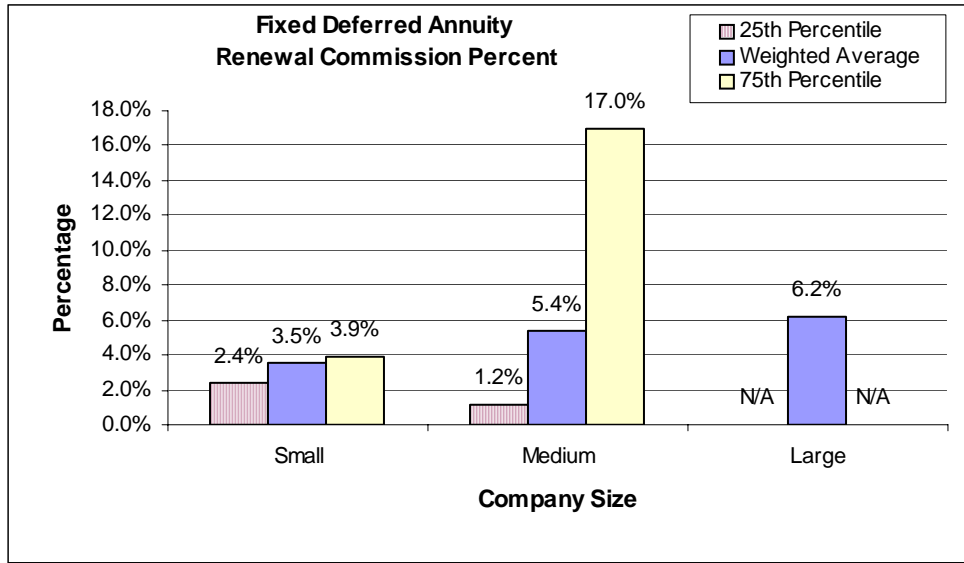
**2004 Annuity Products**  
**Graph 17—Acquisition Expense—All Distribution Systems Combined**  
**First Year/Single Premium Commission Percent**



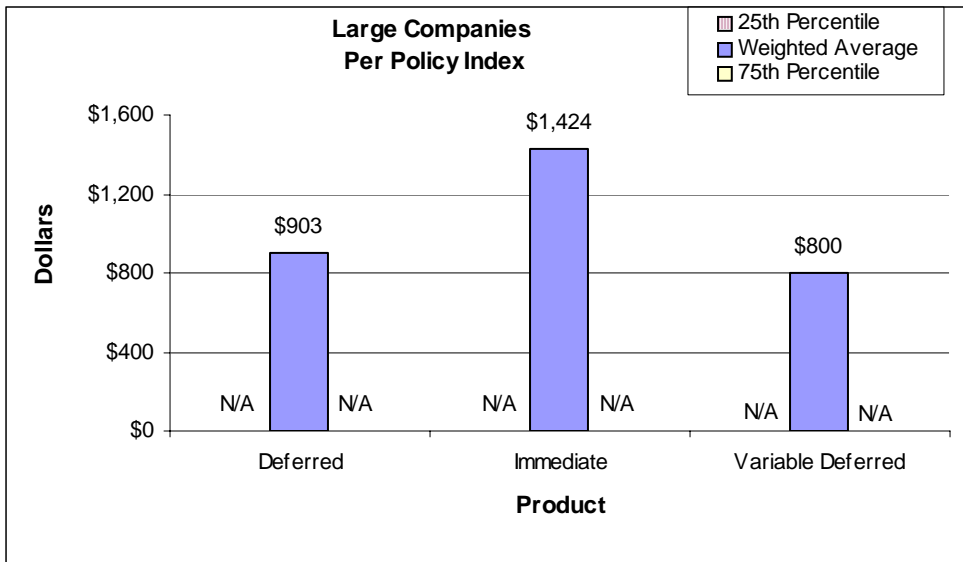
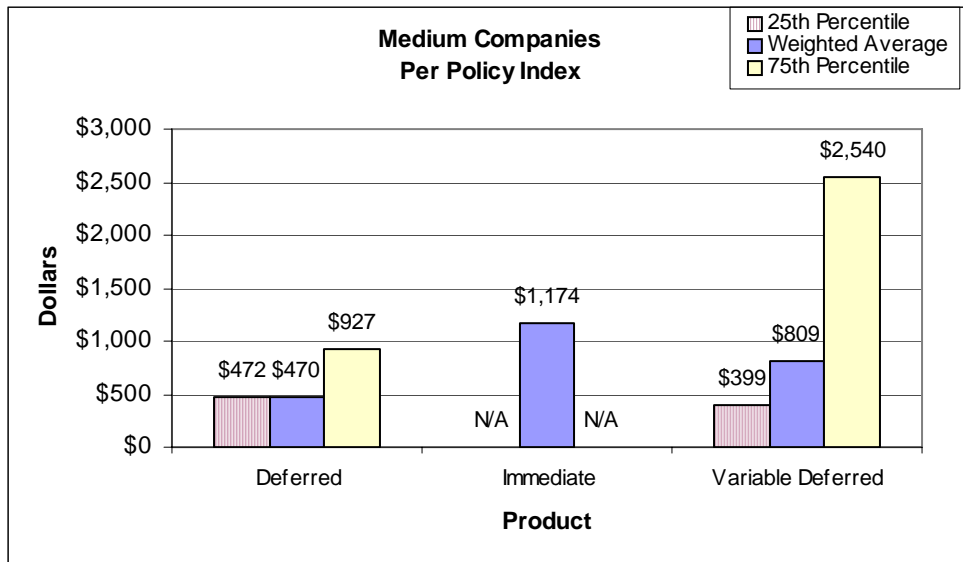
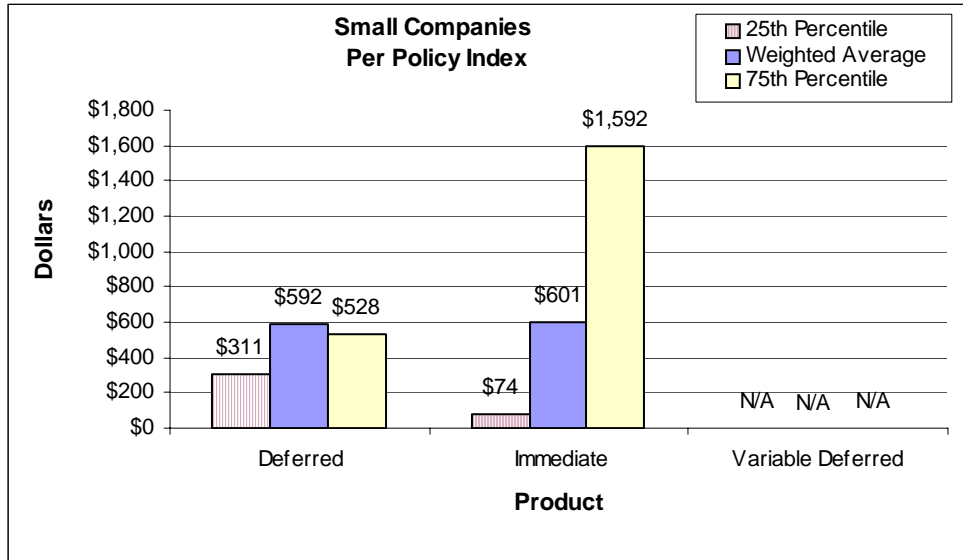
**2004 Annuity Products**  
**Graph 18—Non-acquisition Expense—All Distribution Systems Combined**  
**Per Policy Inforce**



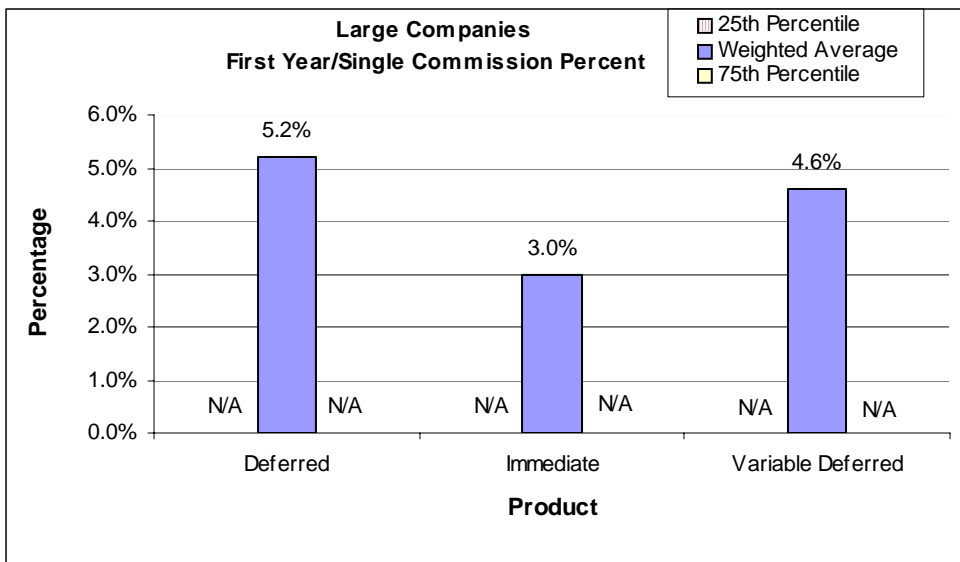
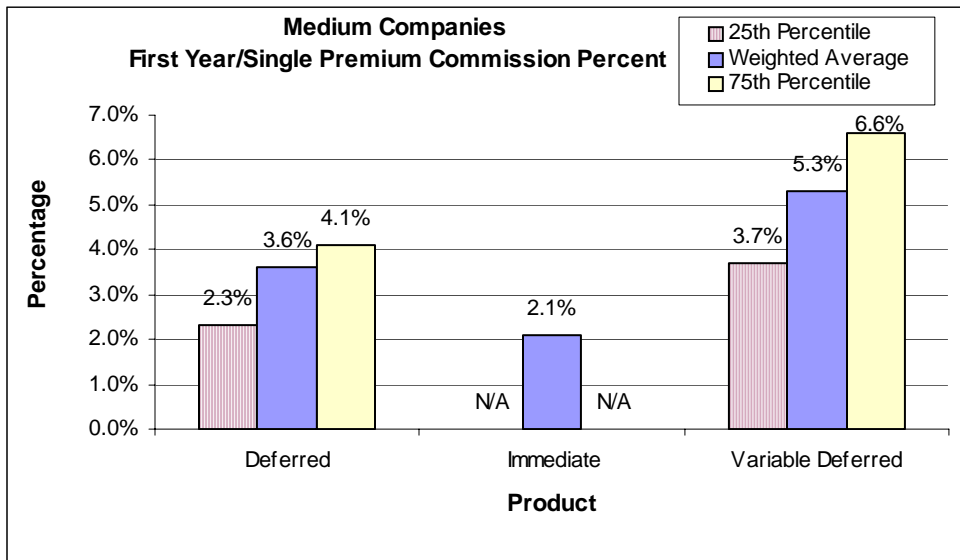
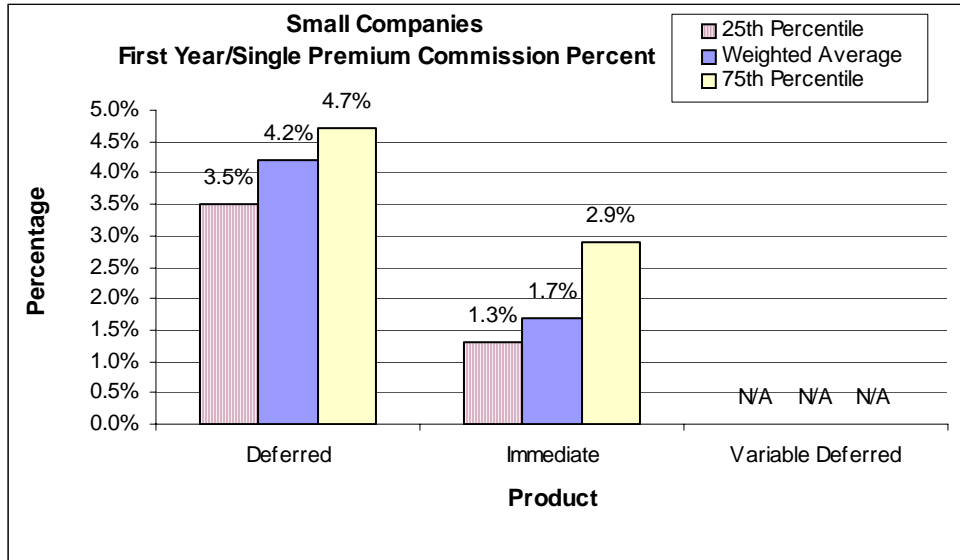
**2004 Annuity Products**  
**Graph 19—Acquisition Expense—All Distribution Systems Combined**  
**Renewal Commission Percent**



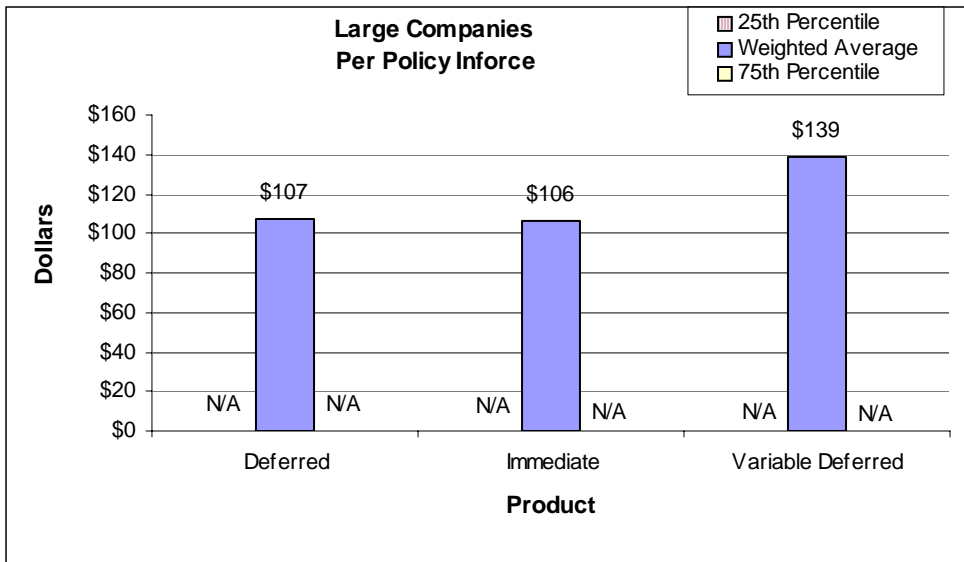
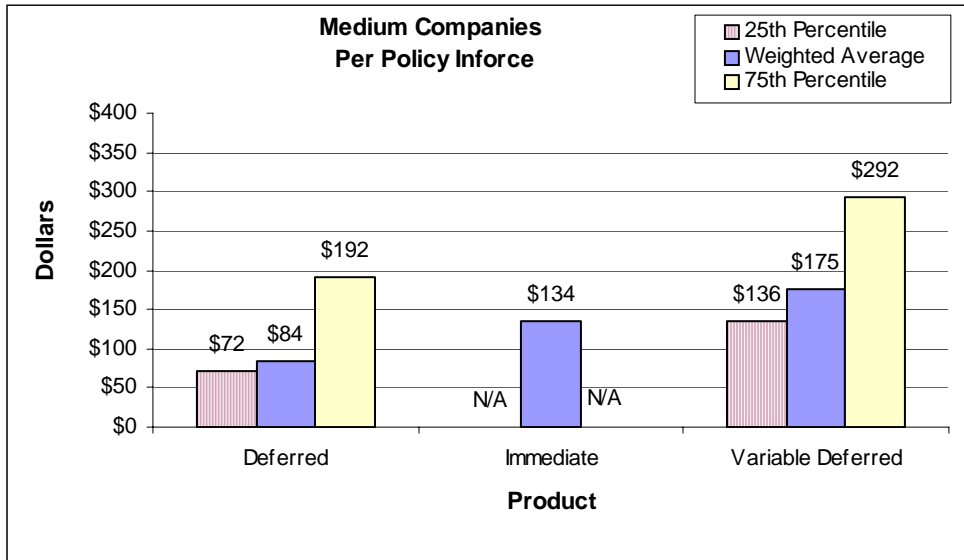
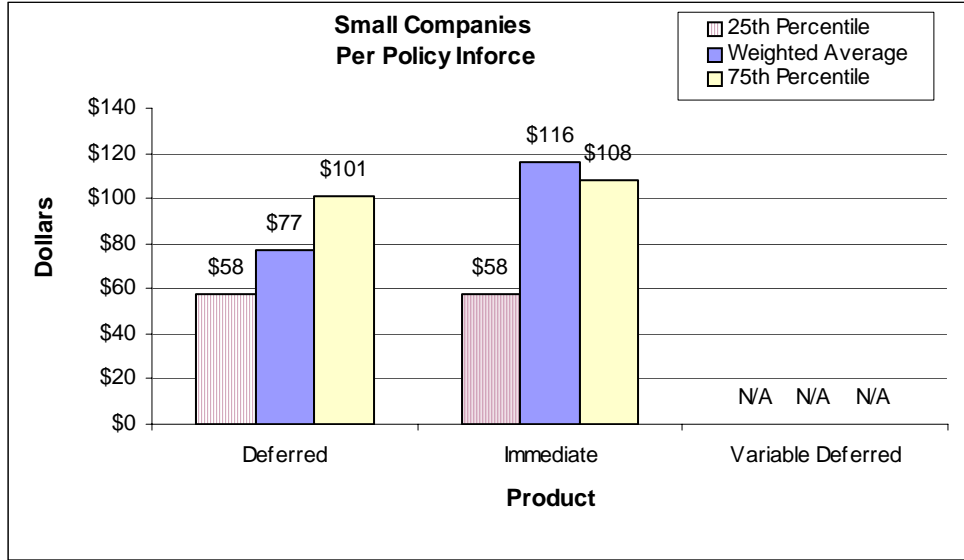
**2004 Annuity Products**  
**Graph 20—Acquisition Expense—All Distribution Systems Combined**  
**Per Policy Index**



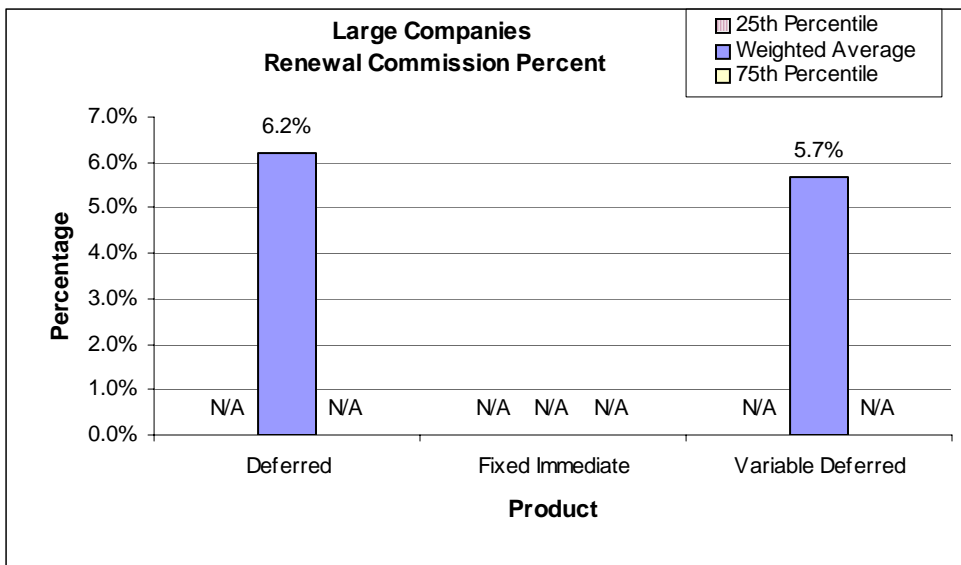
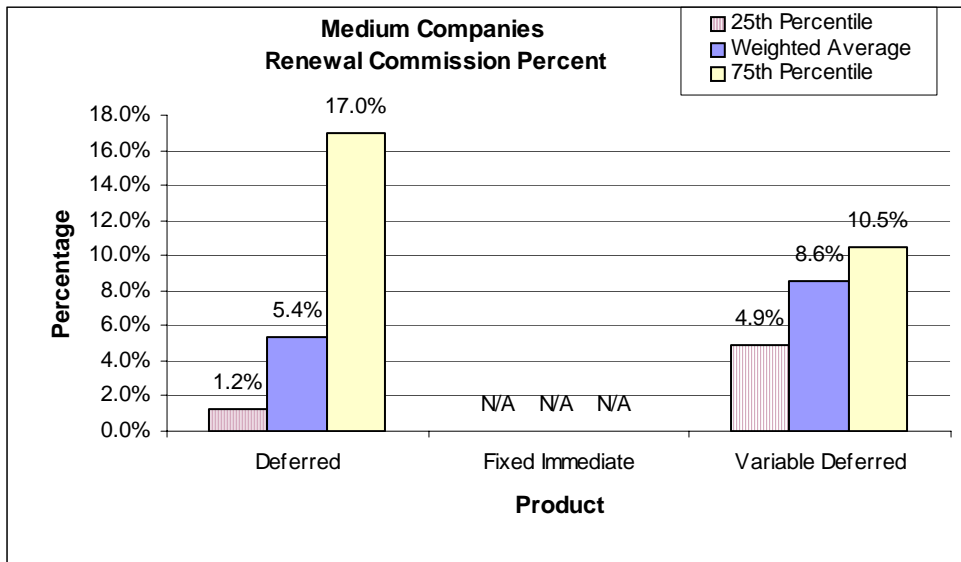
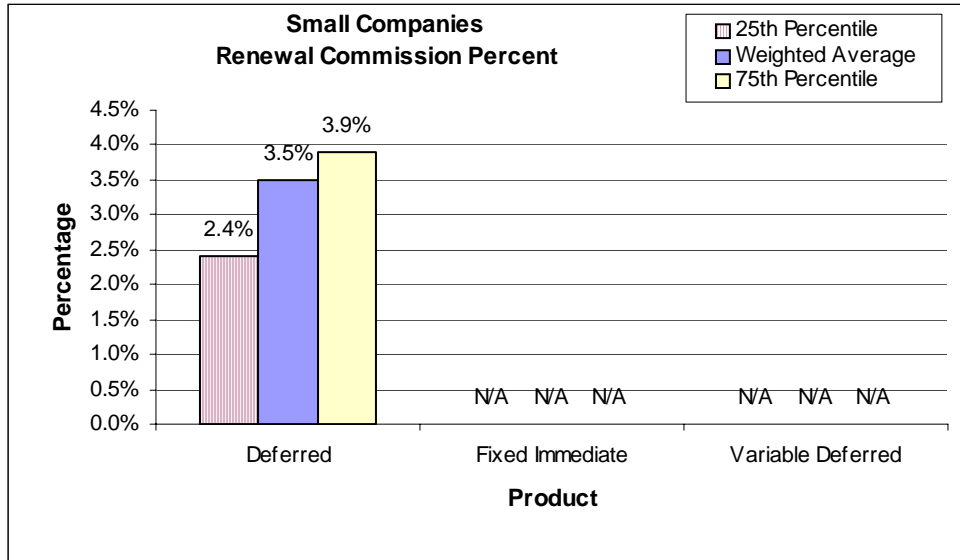
**2004 Annuity Products**  
**Graph 21—Acquisition Expense—All Distribution Systems Combined**  
**First Year/Single Premium Commission Percent**



**2004 Annuity Products**  
**Graph 22—Non-acquisition Expense—All Distribution Systems Combined**  
**Per Policy Inforce**

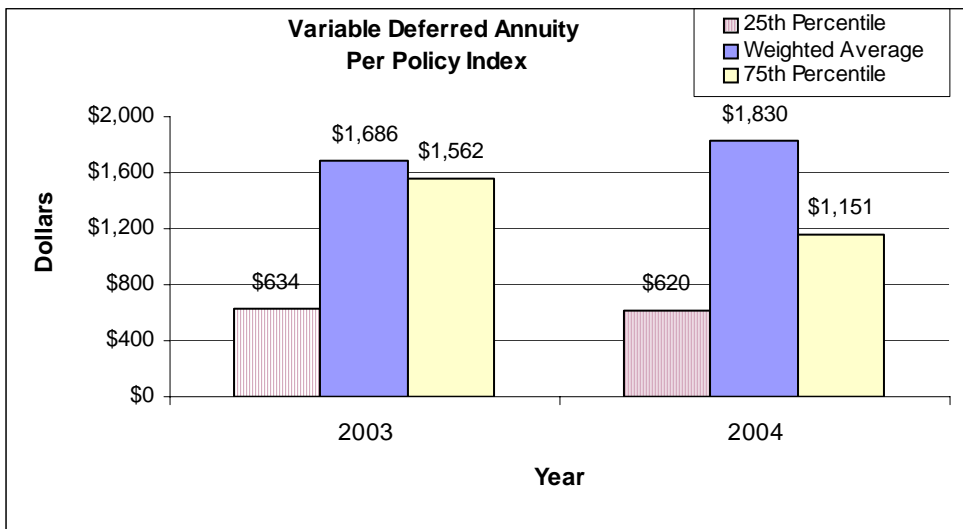
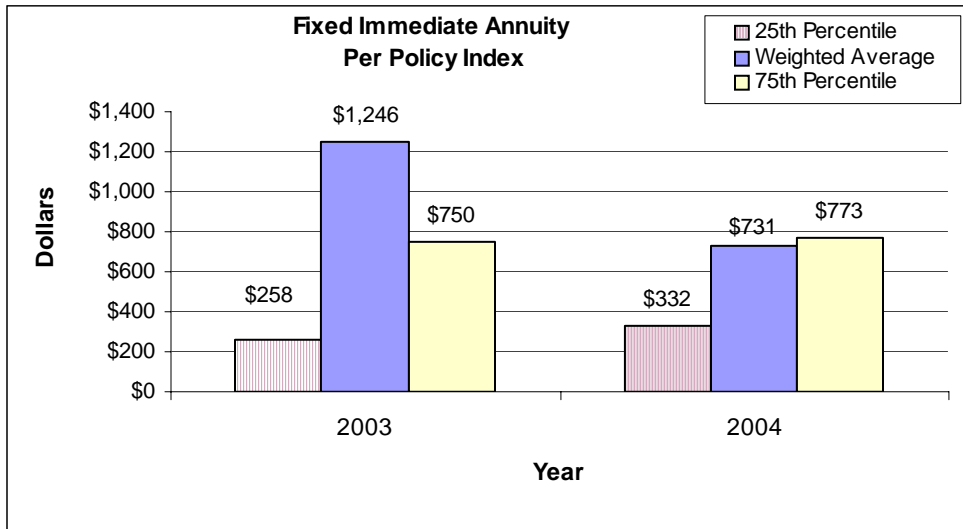
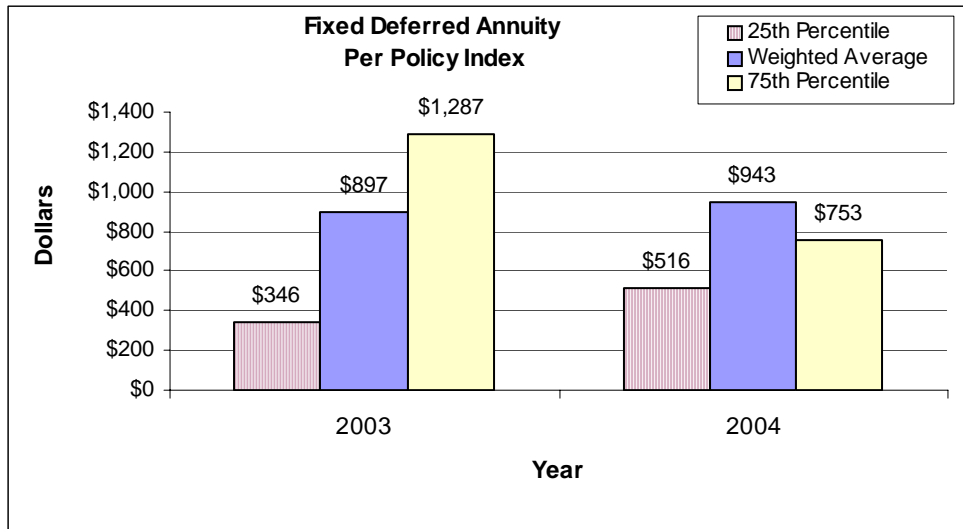


**2004 Annuity Products**  
**Graph 23—Acquisition Expense—All Distribution Systems Combined**  
**Renewal Commission Percent**

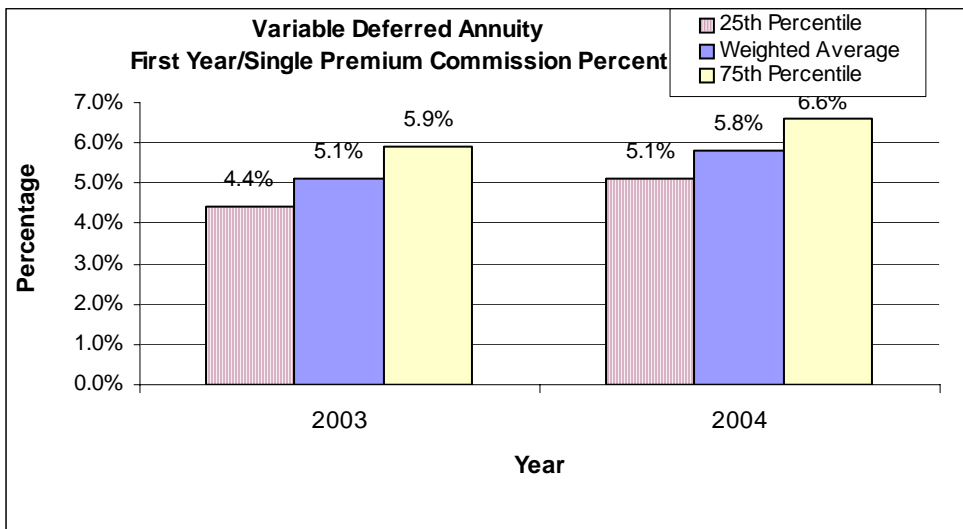
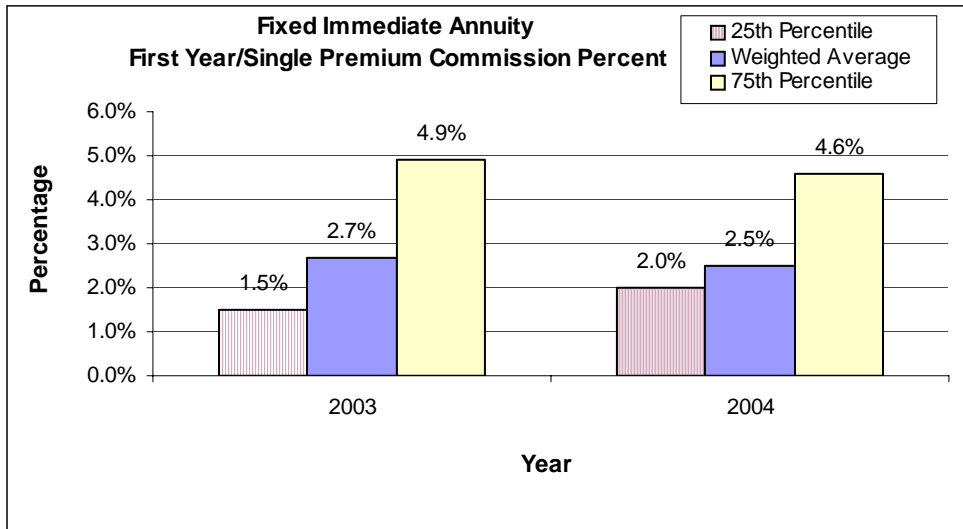
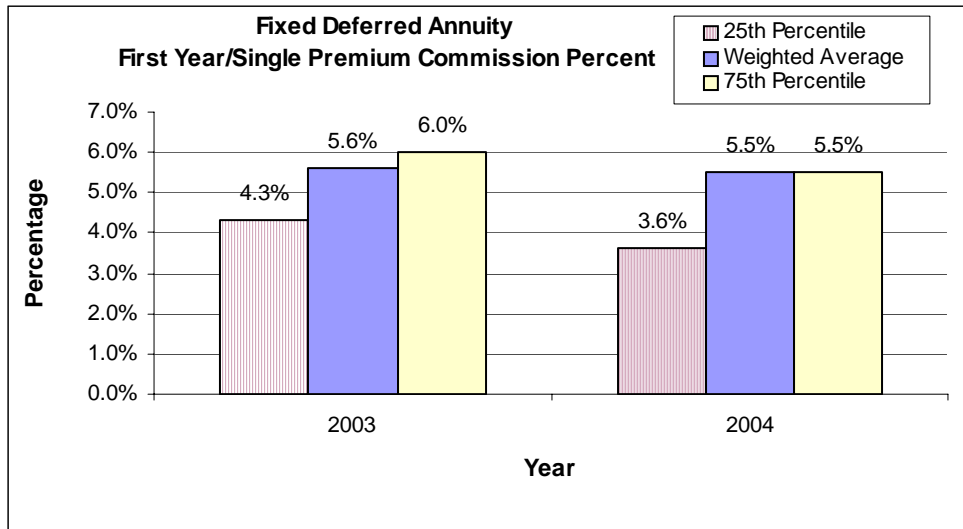




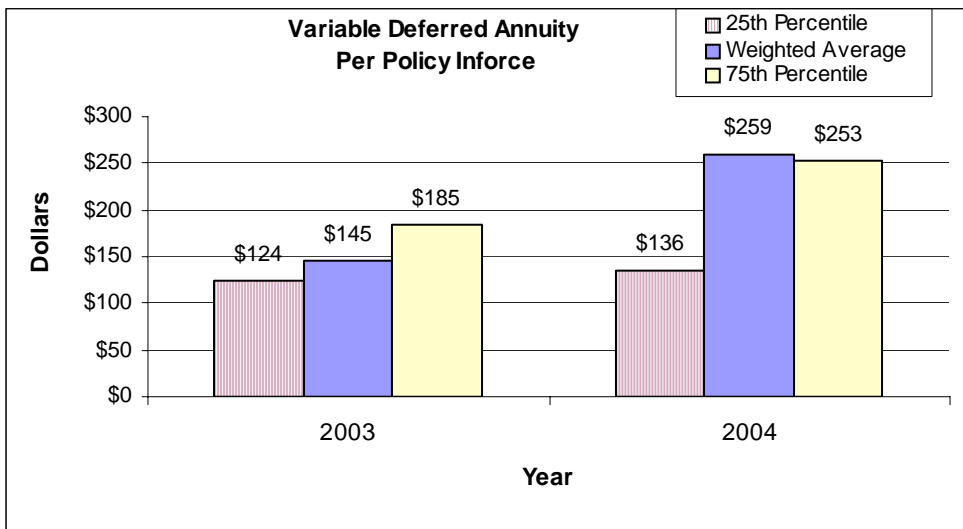
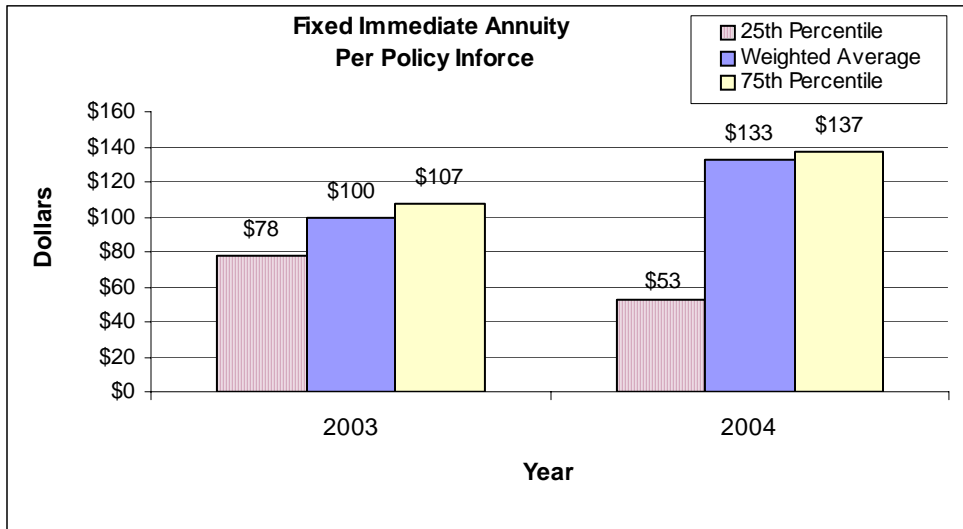
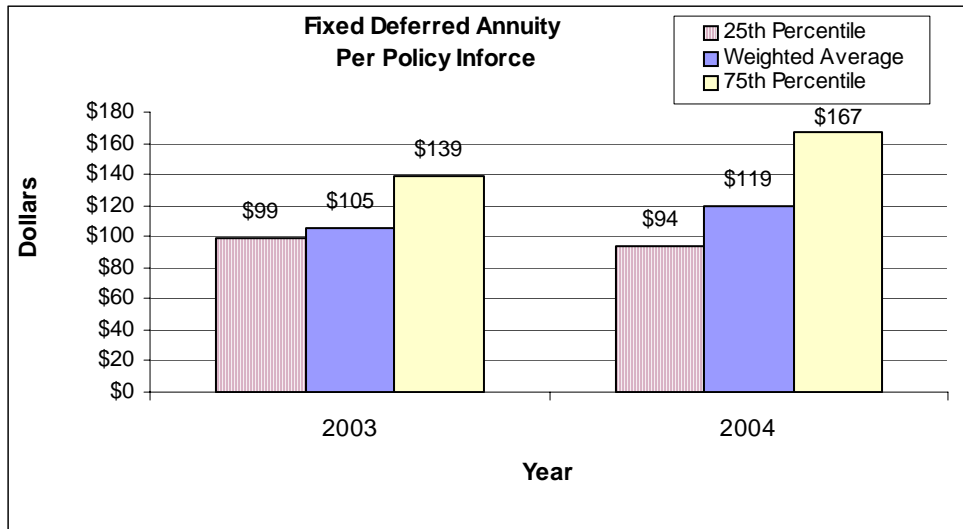
**Graph 24—Comparison of 2003 & 2004 Results  
Based on only Companies Contributing in both 2003 & 2004  
Acquisition—All Distribution Systems Combined  
Per Policy Index**



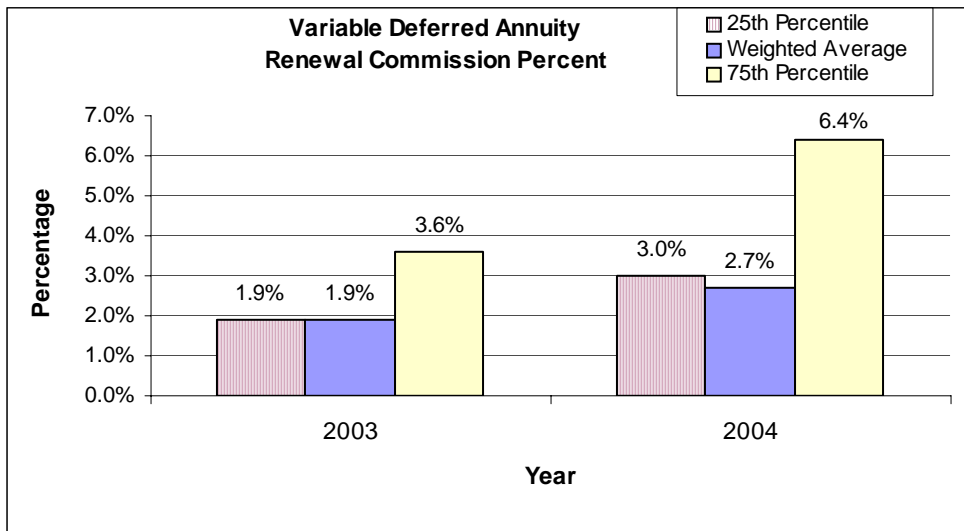
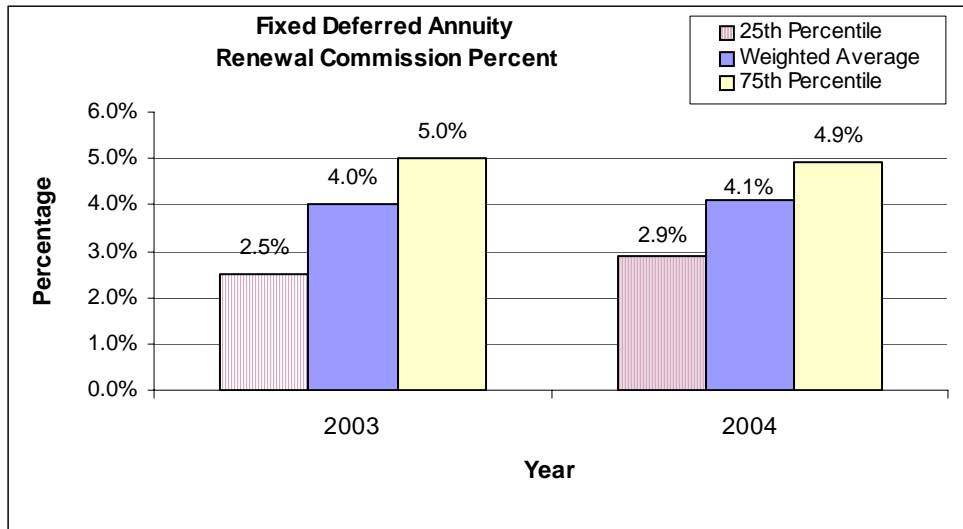
**Graph 25—Comparison of 2003 & 2004 Results  
Based on only Companies Contributing in both 2003 & 2004  
Acquisition—All Distribution Systems Combined  
First Year/Single Premium Commission Percent**



**Graph 26—Comparison of 2003 & 2004 Results  
Based on only Companies Contributing in both 2003 & 2004  
Non-acquisition—All Distribution Systems Combined  
Per Policy Inforce**



**Graph 27—Comparison of 2003 & 2004 Results  
Based on only Companies Contributing in both 2003 & 2004  
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	\$ 676	92%	93.3%	\$1.91
Perm	\$ 1,508	17%	58.9%	\$12.72
Variable	\$ 3,095	33%	45.9%	\$8.80

### Annuity Products

Product	Per Policy Index	Per Premium Index
Deferred	\$ 874	1.9%
Immediate	\$ 1,310	1.8%
Variable Deferred	\$ 1,401	2.5%

**Note: See Section 3 for Index Formulas.**

**Committee on Life Insurance Company Expenses  
2004 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 was formed in part to address the need to fill this void.

The Committee is finalizing its work on the 2003 inter-company expenses study for individual life and annuity products which will be posted on the SOA website as soon as possible.

The objective of the 2004 study is to continue this effort while expanding the level of contributions, to potentially serve as a useful unit expense benchmark to pricing actuaries and their managements from which to assess their own unit cost performance. In addition, the Committee expects the results to be useful in improving 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.

**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 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 information by distribution channel and line of business relating to acquisition and policy/contract maintenance activities. 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 a particular 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.**

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](mailto:ssiegel@soa.org) for instructions.

**Completed worksheets should be e-mailed to Jeanne Nallon at [jnallon@soa.org](mailto: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 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 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 2004 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.
- Fixed and Flexible Premium Permanent—Whole life, limited pay life, single premium whole life, interest sensitive life, fixed premium universal life and flexible premium universal life, not included in the other lines of business.
- COLI—Corporate owned life insurance.
- BOLI—Bank owned life insurance.
- Variable Life Insurance—Variable whole life and variable universal life insurance.
- Individual Deferred Annuities—Fixed premium, flexible premium and single premium deferred annuities. Include equity-indexed annuities.
- 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.
- Variable Individual Immediate Annuities—Annuities for which the annuitant begins receiving periodic payments within one year which are not fixed, but rather vary with investment results.

## 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 2004.** 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. 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 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-in Included in A-4—Enter the amount of premium included in A-4 that exceeded the target premium and dump-ins and for which a lower commission rate was paid.



- 4b. 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 or Annuities, enter the amount of reserves underlying the policies/contracts for each category of business. For UL, VUL and 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, enter the number of surrenders/lapses during the year. For annuities, enter the number of both surrenders/lapses and deaths.
3. Number of Annuity Contracts on which a Periodic Payment was made—For annuities, enter the number of contracts on which a periodic payment was being made during 2004. This is not applicable for Life Insurance.

### Expense Type Descriptions

All expenses reported are for the calendar year 2004.

E. Commissions Paid

1. First Year Commissions and Related Expenses—Commissions and related expenses paid included in Exhibit 1, Line 27 of the NAIC Annual Statement. This includes any commissions associated with Dump-in premiums included in 1a.
  - 1a. UL and VUL Dump-in Included in E-1—Enter the amount of commission included in E-1 that was paid on premium that exceeded the target premium.

2. Single Commissions—Commissions paid included in Exhibit 1, Line 28 of the NAIC Annual Statement. This includes any commissions associated with Dump-in premiums included in 2a.
  - 2a. UL and VUL Dump-in 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.
6. Other Acquisition—All other expenses paid directly relating to the acquisition of new business. Do not include any overhead expenses that are included in "Total Overhead" (G.4). 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, only expenses pertaining 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 note how much of this is included in G.5. Total Overhead.
  7. Other Non-overhead—All other expenses paid. Please list and describe each such expense separately.
- H. Premium Tax and Guarantee Association Assessments—Premium taxes paid and guarantee association assessments paid (no distribution channel expense splits have been requested). If Premium Tax is 0, please note this in the comments section.
- I. Total Expenses—Should equal the sum of E through H. Note that this should not be entered.

**2004 SOA Expense Study Worksheet  
Company Information**

<b>Company Name</b>	
---------------------	--

**Contact Information**

<b>Name</b>	
<b>Telephone</b>	
<b>E-mail</b>	

	<b>Stock</b>	<b>Mutual</b>	<b>Mutual Holding</b>	<b>Demutualizing</b>	<b>Fraternal</b>
<b>Corporate Organization Type</b>					

	<b>Yes</b>
<b>Primarily Burial Life Insurance Company</b>	

	<b>General Account</b>	<b>Separate Accounts</b>
<b>Gross Investment Income</b>		
<b>Investment Expenses</b>		

<b>Date Last Updated:</b>	
---------------------------	--

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

Please note if your company underwent any major changes in 2004 that would significantly impact your company's results in this study in Cell A27 _____ _____
--

**2004 SOA Expense Study Worksheet**  
**Expense Units**

	Individual Term Life Insurance							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
<b>A. New Business - Direct</b>								
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>B. Inforce - Direct - Current Year</b>								
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
<b>C. Inforce - Direct - Previous Year</b>								
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
<b>D. Claims/Contracts</b>								
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:**


**2004 SOA Expense Study Worksheet**  
**Expenses**

Function	Individual Term Life Insurance							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
<b>E. Commissions Paid</b>								
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
<b>F. Other Acquisition Expenses Paid</b>								
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
<b>G. Other Expenses Paid</b>								
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
<b>H. Premium Tax &amp; Guar Assoc Assessments</b>								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
<b>I. Total Expenses</b>								
	0	0	0	0	0	0	0	0

**Comments / Notes:**


**2004 SOA Expense Study Worksheet**  
**Expense Units**

	Individual Permanent Life Insurance							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
<b>A. New Business - Direct</b>								
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>B. Inforce - Direct - Current Year</b>								
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
<b>C. Inforce - Direct - Previous Year</b>								
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
<b>D. Claims/Contracts</b>								
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:**


**2004 SOA Expense Study Worksheet  
Expenses**

Function	Individual Permanent Life Insurance							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
<b>E. Commissions Paid</b>								
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
<b>F. Other Acquisition Expenses Paid</b>								
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
<b>G. Other Expenses Paid</b>								
1. Benefit Department(s) / Claim Settlement Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
2. Policyowner Services	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
3. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
4. Significant Non-recurring Expenses (specify)								0
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
7. Other non-overhead								0
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
H. Premium Tax & Guar Assoc Assessments	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
I. Total Expenses	0	0	0	0	0	0	0	0

**Comments / Notes:**




**2004 SOA Expense Study Worksheet  
Expense Units**

	Individual COLI Life Insurance							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
<b>A. New Business - Direct</b>								
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>B. Inforce - Direct - Current Year</b>								
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
<b>C. Inforce - Direct - Previous Year</b>								
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
<b>D. Claims/Contracts</b>								
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:**


**2004 SOA Expense Study Worksheet**  
**Expenses**

Function	Individual COLI Life Insurance							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
<b>E. Commissions Paid</b>								
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
<b>F. Other Acquisition Expenses Paid</b>								
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
<b>G. Other Expenses Paid</b>								
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
<b>H. Premium Tax &amp; Guar Assoc Assessments</b>								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
<b>I. Total Expenses</b>								
	0	0	0	0	0	0	0	0

**Comments / Notes:**


**2004 SOA Expense Study Worksheet**  
**Expense Units**

	Individual BOLI Life Insurance							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
<b>A. New Business - Direct</b>								
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>B. Inforce - Direct - Current Year</b>								
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
<b>C. Inforce - Direct - Previous Year</b>								
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
<b>D. Claims/Contracts</b>								
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:**


**2004 SOA Expense Study Worksheet  
Expenses**

Function	Individual BOLI Life Insurance							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
<b>E. Commissions Paid</b>								
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
<b>F. Other Acquisition Expenses Paid</b>								
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
<b>G. Other Expenses Paid</b>								
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
<b>H. Premium Tax &amp; Guar Assoc Assessments</b>								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
<b>I. Total Expenses</b>								
	0	0	0	0	0	0	0	0

**Comments / Notes:**


**2004 SOA Expense Study Worksheet**  
**Expense Units**

	Individual Variable Life Insurance							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
<b>A. New Business - Direct</b>								
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>B. Inforce - Direct - Current Year</b>								
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
<b>C. Inforce - Direct - Previous Year</b>								
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
<b>D. Claims/Contracts</b>								
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:**


**2004 SOA Expense Study Worksheet  
Expenses**

Function	Individual Variable Life Insurance							Total
	Career	Brokerage	PPGA	Multi-Line	Direct Response	Other	Unallocated	
<b>E. Commissions Paid</b>								
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
<b>F. Other Acquisition Expenses Paid</b>								
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
<b>G. Other Expenses Paid</b>								
1. Benefit Department(s) / Claim Settlement Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
2. Policyowner Services	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
3. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
4. Significant Non-recurring Expenses (specify)								0
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
7. Other non-overhead								0
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
H. Premium Tax & Guar Assoc Assessments	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
I. Total Expenses	0	0	0	0	0	0	0	0

**Comments / Notes:**


**2004 SOA Expense Study Worksheet  
Expense Units**

	Individual Deferred Annuity							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
<b>A. New Business - Direct</b>								
1. Policies / Contracts Issued								0
2. First Year Premium Collected								0
3. Single Premium Collected								0
<b>B. Inforce - Direct - Current Year</b>								
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
<b>C. Inforce - Direct - Previous Year</b>								
1. Policies / Contracts								0
2. Renewal Premium Collected								0
3. Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
<b>D. Claims/Contracts</b>								
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:**


**2004 SOA Expense Study Worksheet  
Expenses**

Function	Individual Deferred Annuity							Unallocated	Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other			
<b>E. Commissions Paid</b>									
1. First Year Commissions									0
2. Single Commissions									0
3. Renewal Commissions									0
<b>F. Acquisition / Developmental Expenses Paid</b>									
1. Sales / Marketing									0
2. UW - IR and ME - Not applicable	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
3. UW - Other - Not applicable	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
4. Policy / Contract Issue									0
5. Product Development									0
<b>6. Other Acquisition - Please list</b>									
a.									0
b.									0
c.									0
d.									0
<b>G. Other Expenses Paid</b>									
1. Benefit Department(s) / Claim Settlement Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
2. Policyowner Services	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
3. Surrender and Lapse Expenses	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
<b>4. Significant Non-recurring Expenses (specify)</b>									
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
5. Total Overhead	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
6. Amount of Total Overhead Allocable to Acquisition	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
<b>7. Other non-overhead</b>									
a.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
b.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
c.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
d.	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
<b>H. Premium Tax &amp; Guar Assoc Assessments</b>									
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
<b>I. Total Expenses</b>									
	0	0	0	0	0	0	0	0	0

**Comments / Notes:**




**2004 SOA Expense Study Worksheet  
Expense Units**

	Individual Immediate Annuity							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
<b>A. New Business - Direct</b>								
1. Policies / Contracts Issued								0
2. First Year Premium Collected								0
3. Single Premium Collected								0
<b>B. Inforce - Direct - Current Year</b>								
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
<b>C. Inforce - Direct - Previous Year</b>								
1. Policies / Contracts								0
2. Renewal Premium Collected								0
3. Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
<b>D. Claims/Contracts</b>								
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:**


**2004 SOA Expense Study Worksheet  
Expenses**

Function	Individual Immediate Annuity							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
<b>E. Commissions Paid</b>								
1. First Year Commissions								0
2. Single Commissions								0
3. Renewal Commissions								0
<b>F. Acquisition / Developmental Expenses Paid</b>								
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
<b>6. Other Acquisition - Please list</b>								
a.								0
b.								0
c.								0
d.								0
<b>G. Other Expenses Paid</b>								
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
<b>4. Significant Non-recurring Expenses (specify)</b>								
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
<b>7. Other non-overhead</b>								
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
<b>H. Premium Tax &amp; Guar Assoc Assessments</b>								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
<b>I. Total Expenses</b>								
	0	0	0	0	0	0	0	0

**Comments / Notes:**


**2004 SOA Expense Study Worksheet  
Expense Units**

	Individual Variable Deferred Annuity							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
<b>A. New Business - Direct</b>								
1. Policies / Contracts Issued								0
2. First Year Premium Collected								0
3. Single Premium Collected								0
<b>B. Inforce - Direct - Current Year</b>								
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
<b>C. Inforce - Direct - Previous Year</b>								
1. Policies / Contracts								0
2. Renewal Premium Collected								0
3. Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
<b>D. Claims/Contracts</b>								
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:**


**2004 SOA Expense Study Worksheet  
Expenses**

Function	Individual Variable Deferred Annuity							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
<b>E. Commissions Paid</b>								
1. First Year Commissions								0
2. Single Commissions								0
3. Renewal Commissions								0
<b>F. Acquisition / Developmental Expenses Paid</b>								
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
<b>6. Other Acquisition - Please list</b>								
a.								0
b.								0
c.								0
d.								0
<b>G. Other Expenses Paid</b>								
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
<b>4. Significant Non-recurring Expenses (specify)</b>								
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
<b>7. Other non-overhead</b>								
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
<b>H. Premium Tax &amp; Guar Assoc Assessments</b>								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
<b>I. Total Expenses</b>								
	0	0	0	0	0	0	0	0

**Comments / Notes:**


**2004 SOA Expense Study Worksheet  
Expense Units**

	Individual Variable Immediate Annuity							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
<b>A. New Business - Direct</b>								
1. Policies / Contracts Issued								0
2. First Year Premium Collected								0
3. Single Premium Collected								0
<b>B. Inforce - Direct - Current Year</b>								
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
<b>C. Inforce - Direct - Previous Year</b>								
1. Policies / Contracts								0
2. Renewal Premium Collected								0
3. Account Balances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
<b>D. Claims/Contracts</b>								
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:**


**2004 SOA Expense Study Worksheet  
Expenses**

Function	Individual Variable Immediate Annuity							Total
	Career	Brokerage	PPGA	Stockbroker	Financial Institutions	Other	Unallocated	
<b>E. Commissions Paid</b>								
1. First Year Commissions								0
2. Single Commissions								0
3. Renewal Commissions								0
<b>F. Acquisition / Developmental Expenses Paid</b>								
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
<b>6. Other Acquisition - Please list</b>								
a.								0
b.								0
c.								0
d.								0
<b>G. Other Expenses Paid</b>								
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
<b>4. Significant Non-recurring Expenses (specify)</b>								
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
<b>7. Other non-overhead</b>								
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
<b>H. Premium Tax &amp; Guar Assoc Assessments</b>								
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX		0
<b>I. Total Expenses</b>								
	0	0	0	0	0	0	0	0

**Comments / Notes:**
