



THE New Source of Information About Term Insurance

Is XXX Regulation Friend or Foe?

The VET Index

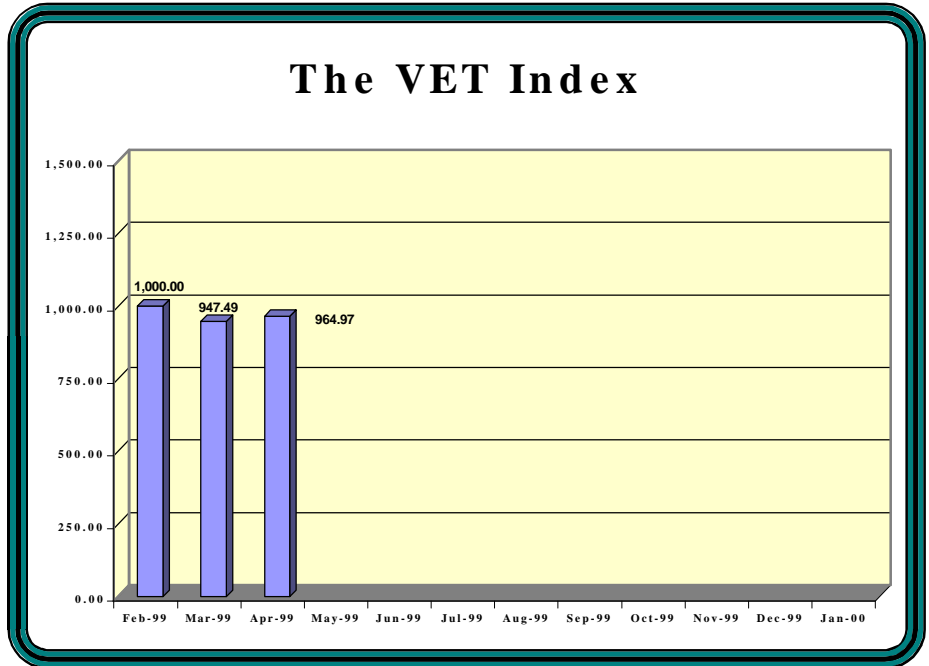
964.97

The VET Index responding to mixed signals edged upwards slightly with a modest 1.84% gain in April. Across the board reductions by Banner Life, North American Company for Life and Health, Security-Connecticut, and reductions by other companies were offset by large increases in 25 year old 100K 20yr and 250K 10yr policies along with 45 year old 1000K 30yr policies.

Term Survey Methodology

A question about our methodology in calculating the Term Surveys has been raised so we thought we should share this with everyone.

The rates we show are not book rates. We have calculated the actual premiums with the policy constants and any banding discounts calculated into the rates and then divided the premium by the face amount to get a composite rate.



Walking a Tightrope

By Terry W. Hilker, LUTCF
With the increasing popularity of term insurance there has been some concern with the adequacy of cash reserves. Because of new medical treatments life expectancy has been increasing. Some feel the actuarial models are too optimistic and if we see a downturn in life expectancy many companies could become insolvent. If a company passes some of this risk on to a reinsurance company there is still no guarantee they are protected. As reinsurance companies accept lower rates to get business they are subject to the same pressures as the companies they reinsure. If they default

on a block of business the company which wrote the business will ultimately be held accountable for paying all claims.

To try to avoid this problem the NAIC has established the XXX regulation which will increase the reserves held for term policies. Because the term policies are trying to guarantee premiums for longer periods of time they are trying to replace the function of traditional whole life products. With the lower premiums they do not have a safety net of a cash value offset the unexpected changes in life expectancy so the reserves become critical to the stability of the policy. On the other side Bob Barney of COMPULIFE Software has been lobbying State Legislatures not to
(Continued on page 7)

CONTENTS

The VET Index	1
Term Survey Methodology	1
Walking a Tightrope	1
\$100K Term Insurance Survey	2
\$250K Term Insurance Survey	3
\$1,000K Term Insurance Survey	4
XXX Update	5
XXX Q & A	7
Van Elsen Consulting	8

\$100K Term Insurance Survey

Male Rates		Non-Smoker \$100,000								
		10-Year			20-Year			30-Year		
		Feb	Mar	Apr	Feb	Mar	Apr	Feb	Mar	Apr
Age 25										
Products in Survey	136	137	141	99	102	108	41	46	53	
Lowest	\$1.08	\$1.08	\$1.08	\$1.28	\$1.28	\$1.24	\$1.70	\$1.55	\$1.65	
1st Quartile	\$1.47	\$1.47	\$1.43	\$1.74	\$1.72	\$1.72	\$1.96	\$1.89	\$1.89	
Median	\$1.60	\$1.60	\$1.60	\$1.88	\$1.88	\$1.88	\$2.17	\$2.05	\$2.06	
3rd Quartile	\$1.77	\$1.77	\$1.76	\$2.14	\$2.15	\$2.11	\$2.24	\$2.24	\$2.24	
Highest	\$2.46	\$2.46	\$2.46	\$3.60	\$3.60	\$4.49	\$3.32	\$3.32	\$3.32	
Mean	\$1.62	\$1.61	\$1.59	\$1.96	\$1.95	\$1.97	\$2.18	\$2.12	\$2.13	
Age 45										
Products in Survey	143	145	149	106	111	117	40	47	54	
Lowest	\$1.99	\$1.95	\$1.79	\$2.68	\$2.68	\$2.54	\$3.88	\$3.66	\$3.66	
1st Quartile	\$2.67	\$2.65	\$2.58	\$3.63	\$3.51	\$3.44	\$4.34	\$4.20	\$4.15	
Median	\$3.00	\$3.00	\$2.97	\$4.06	\$4.05	\$3.97	\$4.81	\$4.73	\$4.71	
3rd Quartile	\$3.45	\$3.44	\$3.44	\$4.70	\$4.62	\$4.52	\$5.35	\$5.36	\$5.39	
Highest	\$6.17	\$6.17	\$6.17	\$9.57	\$9.57	\$9.57	\$7.64	\$7.64	\$7.64	
Mean	\$3.09	\$3.08	\$3.04	\$4.27	\$4.23	\$4.13	\$5.12	\$5.01	\$4.97	
Age 65										
Products in Survey	131	134	138	39	41	42	5	5	4	
Lowest	\$8.46	\$8.46	\$8.54	\$14.15	\$14.15	\$15.20	\$28.08	\$28.08	\$28.16	
1st Quartile	\$13.08	\$12.82	\$12.35	\$18.08	\$17.64	\$17.82	\$28.16	\$28.16	\$28.16	
Median	\$14.38	\$14.30	\$14.18	\$22.60	\$22.10	\$22.35	\$30.48	\$30.48	\$29.66	
3rd Quartile	\$16.82	\$16.82	\$16.60	\$25.51	\$25.20	\$25.66	\$31.16	\$31.16	\$31.16	
Highest	\$25.94	\$25.94	\$25.94	\$33.36	\$33.36	\$35.39	\$32.40	\$32.40	\$31.16	
Mean	\$14.82	\$14.67	\$14.47	\$22.43	\$22.28	\$22.56	\$30.06	\$30.06	\$29.66	

Male Rates		Preferred \$100,000								
		10-Year			20-Year			30-Year		
		Feb	Mar	Apr	Feb	Mar	Apr	Feb	Mar	Apr
Age 25										
Products in Survey	172	173	182	145	149	161	67	74	87	
Lowest	\$0.78	\$0.78	\$0.78	\$1.02	\$1.02	\$1.00	\$1.23	\$1.21	\$1.21	
1st Quartile	\$1.18	\$1.14	\$1.12	\$1.33	\$1.32	\$1.30	\$1.53	\$1.49	\$1.46	
Median	\$1.31	\$1.30	\$1.29	\$1.50	\$1.49	\$1.47	\$1.66	\$1.62	\$1.61	
3rd Quartile	\$1.44	\$1.44	\$1.43	\$1.68	\$1.68	\$1.67	\$1.80	\$1.73	\$1.73	
Highest	\$2.04	\$2.04	\$2.04	\$3.11	\$3.11	\$3.11	\$2.84	\$2.84	\$2.84	
Mean	\$1.30	\$1.29	\$1.27	\$1.53	\$1.53	\$1.50	\$1.69	\$1.64	\$1.63	
Age 45										
Products in Survey	174	175	184	150	154	166	67	75	88	
Lowest	\$1.32	\$1.32	\$1.29	\$1.87	\$1.87	\$1.82	\$2.60	\$2.60	\$2.60	
1st Quartile	\$1.86	\$1.81	\$1.78	\$2.44	\$2.41	\$2.35	\$3.11	\$3.01	\$3.00	
Median	\$2.15	\$2.12	\$2.10	\$2.82	\$2.79	\$2.76	\$3.47	\$3.37	\$3.33	
3rd Quartile	\$2.42	\$2.42	\$2.41	\$3.27	\$3.27	\$3.20	\$3.74	\$3.69	\$3.69	
Highest	\$3.61	\$3.61	\$3.61	\$7.68	\$7.68	\$7.68	\$6.20	\$6.20	\$6.20	
Mean	\$2.17	\$2.15	\$2.12	\$2.97	\$2.95	\$2.89	\$3.57	\$3.48	\$3.47	
Age 65										
Products in Survey	174	176	185	44	45	47	7	7	7	
Lowest	\$6.32	\$6.32	\$6.11	\$11.72	\$11.72	\$11.72	\$16.21	\$16.21	\$19.02	
1st Quartile	\$8.57	\$8.35	\$7.96	\$13.57	\$13.64	\$13.49	\$20.19	\$20.19	\$20.29	
Median	\$9.71	\$9.58	\$9.37	\$15.98	\$15.95	\$15.95	\$21.56	\$21.56	\$21.56	
3rd Quartile	\$11.22	\$11.10	\$10.97	\$18.75	\$18.48	\$19.03	\$22.82	\$22.82	\$23.76	
Highest	\$15.89	\$15.89	\$15.89	\$25.32	\$25.32	\$30.68	\$25.16	\$25.16	\$25.16	
Mean	\$9.95	\$9.87	\$9.70	\$16.79	\$16.74	\$16.92	\$21.28	\$21.28	\$21.98	

\$250K Term Insurance Survey

Male Rates	Non-Smoker \$250,000								
	10-Year			20-Year			30-Year		
	Feb	Mar	Apr	Feb	Mar	Apr	Feb	Mar	Apr
Age 25									
Products in Survey	161	165	116	117	123	125	49	58	61
Lowest	\$0.78	\$0.72	\$0.78	\$0.97	\$0.97	\$0.97	\$1.15	\$1.10	\$1.15
1st Quartile	\$1.05	\$1.04	\$1.14	\$1.28	\$1.30	\$1.27	\$1.55	\$1.50	\$1.50
Median	\$1.16	\$1.15	\$1.21	\$1.44	\$1.43	\$1.42	\$1.72	\$1.62	\$1.65
3rd Quartile	\$1.30	\$1.30	\$1.36	\$1.62	\$1.62	\$1.56	\$1.88	\$1.87	\$1.88
Highest	\$1.85	\$1.85	\$1.85	\$3.24	\$3.24	\$3.24	\$2.84	\$2.84	\$2.84
Mean	\$1.18	\$1.17	\$1.25	\$1.50	\$1.49	\$1.48	\$1.73	\$1.69	\$1.70
Age 45									
Products in Survey	161	166	166	117	124	126	48	57	60
Lowest	\$1.49	\$1.46	\$1.49	\$2.24	\$2.24	\$2.24	\$3.03	\$3.03	\$3.36
1st Quartile	\$2.14	\$2.12	\$2.11	\$3.00	\$2.94	\$2.93	\$3.74	\$3.69	\$3.66
Median	\$2.44	\$2.42	\$2.39	\$3.41	\$3.41	\$3.40	\$4.29	\$4.19	\$4.24
3rd Quartile	\$2.83	\$2.81	\$2.81	\$4.02	\$3.97	\$3.82	\$4.67	\$4.75	\$4.78
Highest	\$6.02	\$6.02	\$6.02	\$9.21	\$9.21	\$9.21	\$7.57	\$7.57	\$7.57
Mean	\$2.55	\$2.52	\$2.51	\$3.64	\$3.59	\$3.56	\$4.52	\$4.43	\$4.45
Age 65									
Products in Survey	148	153	153	42	44	45	6	6	6
Lowest	\$8.04	\$8.04	\$8.09	\$13.70	\$13.70	\$14.78	\$27.68	\$27.68	\$27.72
1st Quartile	\$12.17	\$11.83	\$11.66	\$17.59	\$17.26	\$17.28	\$28.41	\$28.41	\$28.46
Median	\$13.50	\$13.26	\$13.10	\$21.61	\$21.39	\$21.50	\$30.58	\$30.58	\$30.68
3rd Quartile	\$15.24	\$15.05	\$15.05	\$24.63	\$24.21	\$24.84	\$31.70	\$31.70	\$34.77
Highest	\$25.79	\$25.79	\$25.79	\$33.00	\$33.00	\$34.94	\$36.13	\$36.13	\$36.13
Mean	\$13.76	\$13.59	\$13.53	\$21.86	\$21.72	\$21.99	\$30.79	\$30.79	\$31.51

Male Rates	Preferred \$250,000								
	10-Year			20-Year			30-Year		
	Feb	Mar	Apr	Feb	Mar	Apr	Feb	Mar	Apr
Age 25									
Products in Survey	207	209	212	171	176	182	81	90	97
Lowest	\$0.54	\$0.50	\$0.50	\$0.68	\$0.68	\$0.68	\$0.83	\$0.76	\$0.79
1st Quartile	\$0.75	\$0.74	\$0.73	\$0.90	\$0.89	\$0.89	\$1.15	\$1.09	\$1.09
Median	\$0.85	\$0.84	\$0.84	\$1.04	\$1.02	\$1.01	\$1.23	\$1.20	\$1.20
3rd Quartile	\$0.97	\$0.96	\$0.95	\$1.20	\$1.20	\$1.20	\$1.38	\$1.35	\$1.36
Highest	\$1.53	\$1.53	\$1.53	\$2.73	\$2.73	\$2.73	\$2.36	\$2.36	\$2.36
Mean	\$0.87	\$0.86	\$0.85	\$1.07	\$1.07	\$1.06	\$1.27	\$1.23	\$1.24
Age 45									
Products in Survey	211	214	214	173	179	182	80	89	93
Lowest	\$0.96	\$0.92	\$0.92	\$1.50	\$1.50	\$1.52	\$2.09	\$2.09	\$2.09
1st Quartile	\$1.41	\$1.37	\$1.35	\$1.91	\$1.89	\$1.89	\$2.63	\$2.56	\$2.56
Median	\$1.60	\$1.59	\$1.58	\$2.26	\$2.25	\$2.25	\$2.88	\$2.81	\$2.81
3rd Quartile	\$1.89	\$1.86	\$1.84	\$2.63	\$2.63	\$2.61	\$3.21	\$3.16	\$3.19
Highest	\$3.31	\$3.31	\$3.31	\$7.32	\$7.32	\$7.32	\$5.72	\$5.72	\$5.72
Mean	\$1.67	\$1.66	\$1.65	\$2.40	\$2.39	\$2.37	\$3.05	\$2.98	\$2.98
Age 65									
Products in Survey	202	205	205	48	49	51	8	8	8
Lowest	\$5.81	\$5.60	\$5.60	\$11.51	\$11.51	\$11.50	\$16.21	\$16.21	\$19.02
1st Quartile	\$7.75	\$7.60	\$7.26	\$12.77	\$12.85	\$12.89	\$20.51	\$20.51	\$20.57
Median	\$8.86	\$8.81	\$8.72	\$15.56	\$15.47	\$15.47	\$21.48	\$21.48	\$22.24
3rd Quartile	\$10.22	\$10.06	\$10.03	\$19.28	\$18.99	\$19.57	\$23.72	\$23.72	\$23.72
Highest	\$15.59	\$15.59	\$15.59	\$24.96	\$24.96	\$30.23	\$32.11	\$32.11	\$32.11
Mean	\$9.14	\$9.05	\$8.97	\$16.29	\$16.25	\$16.42	\$22.42	\$22.42	\$22.97

\$1,000K Term Insurance Survey

Male Rates		Non-Smoker \$1,000,000								
		10-Year			20-Year			30-Year		
		Feb	Mar	Apr	Feb	Mar	Apr	Feb	Mar	Apr
Age 25										
Products in Survey	163	168	153	120	127	130	50	59	63	
Lowest	\$0.63	\$0.54	\$0.63	\$0.82	\$0.82	\$0.82	\$1.01	\$0.88	\$1.01	
1st Quartile	\$0.85	\$0.83	\$0.81	\$1.10	\$1.08	\$1.07	\$1.35	\$1.29	\$1.29	
Median	\$0.95	\$0.94	\$0.92	\$1.24	\$1.23	\$1.22	\$1.51	\$1.47	\$1.50	
3rd Quartile	\$1.10	\$1.10	\$1.04	\$1.41	\$1.41	\$1.37	\$1.68	\$1.65	\$1.65	
Highest	\$1.76	\$1.76	\$1.21	\$3.06	\$3.06	\$3.06	\$2.60	\$2.60	\$2.60	
Mean	\$0.98	\$0.97	\$0.92	\$1.30	\$1.29	\$1.28	\$1.54	\$1.50	\$1.51	
Age 45										
Products in Survey	163	168	169	120	127	130	49	42	62	
Lowest	\$1.34	\$1.28	\$1.34	\$2.09	\$2.09	\$2.09	\$2.89	\$2.42	\$3.16	
1st Quartile	\$1.95	\$1.90	\$1.89	\$2.77	\$2.74	\$2.73	\$3.51	\$2.66	\$3.45	
Median	\$2.21	\$2.19	\$2.17	\$3.17	\$3.16	\$3.13	\$4.11	\$2.91	\$4.04	
3rd Quartile	\$2.58	\$2.57	\$2.57	\$3.70	\$3.66	\$3.60	\$4.42	\$3.14	\$4.55	
Highest	\$5.95	\$5.95	\$5.95	\$9.03	\$9.03	\$9.03	\$7.57	\$5.48	\$7.57	
Mean	\$2.33	\$2.30	\$2.29	\$3.41	\$3.37	\$3.34	\$4.32	\$3.06	\$4.23	
Age 65										
Products in Survey	149	154	155	42	44	45	6	6	6	
Lowest	\$7.55	\$7.55	\$7.83	\$13.48	\$13.48	\$13.99	\$27.44	\$27.44	\$27.54	
1st Quartile	\$11.79	\$11.29	\$11.23	\$17.40	\$17.08	\$17.10	\$28.27	\$28.27	\$28.28	
Median	\$13.04	\$12.96	\$12.90	\$21.01	\$21.01	\$21.00	\$30.46	\$30.46	\$30.48	
3rd Quartile	\$14.66	\$14.59	\$14.62	\$24.47	\$24.08	\$24.66	\$31.52	\$31.52	\$33.69	
Highest	\$25.72	\$25.72	\$25.72	\$32.82	\$32.82	\$34.72	\$34.76	\$34.76	\$34.76	
Mean	\$13.42	\$13.25	\$13.19	\$21.55	\$21.42	\$21.68	\$30.42	\$30.42	\$30.93	

Male Rates		Preferred \$1,000,000								
		10-Year			20-Year			30-Year		
		Feb	Mar	Apr	Feb	Mar	Apr	Feb	Mar	Apr
Age 25										
Products in Survey	215	218	224	178	184	193	85	94	104	
Lowest	\$0.34	\$0.32	\$0.34	\$0.54	\$0.54	\$0.54	\$0.69	\$0.54	\$0.65	
1st Quartile	\$0.54	\$0.53	\$0.53	\$0.70	\$0.70	\$0.69	\$0.96	\$0.92	\$0.93	
Median	\$0.64	\$0.63	\$0.62	\$0.84	\$0.82	\$0.82	\$1.02	\$1.02	\$1.02	
3rd Quartile	\$0.74	\$0.74	\$0.73	\$0.98	\$0.97	\$0.96	\$1.18	\$1.14	\$1.15	
Highest	\$1.38	\$1.38	\$1.38	\$2.54	\$2.54	\$2.54	\$2.12	\$2.12	\$2.12	
Mean	\$0.66	\$0.65	\$0.65	\$0.87	\$0.87	\$0.86	\$1.09	\$1.06	\$1.06	
Age 45										
Products in Survey	216	219	222	179	185	191	84	93	100	
Lowest	\$0.81	\$0.74	\$0.80	\$1.31	\$1.31	\$1.34	\$1.95	\$1.95	\$1.95	
1st Quartile	\$1.18	\$1.15	\$1.13	\$1.70	\$1.68	\$1.68	\$2.40	\$2.37	\$2.36	
Median	\$1.38	\$1.37	\$1.36	\$2.05	\$2.03	\$2.02	\$2.69	\$2.66	\$2.65	
3rd Quartile	\$1.65	\$1.64	\$1.62	\$2.40	\$2.40	\$2.38	\$3.02	\$2.94	\$2.94	
Highest	\$3.16	\$3.16	\$3.16	\$7.14	\$7.14	\$7.14	\$5.48	\$5.48	\$5.48	
Mean	\$1.45	\$1.44	\$1.43	\$2.17	\$2.16	\$2.14	\$2.85	\$2.79	\$2.78	
Age 65										
Products in Survey	207	210	213	48	49	51	8	8	8	
Lowest	\$5.26	\$5.26	\$5.26	\$10.98	\$10.98	\$10.98	\$16.21	\$16.21	\$19.02	
1st Quartile	\$7.42	\$7.28	\$7.07	\$12.32	\$12.32	\$12.47	\$20.37	\$20.37	\$20.39	
Median	\$8.57	\$8.50	\$8.48	\$15.16	\$15.09	\$15.09	\$21.36	\$21.36	\$22.03	
3rd Quartile	\$9.84	\$9.82	\$9.81	\$18.80	\$18.71	\$18.89	\$23.53	\$23.53	\$23.53	
Highest	\$15.16	\$15.16	\$15.16	\$24.78	\$24.78	\$30.01	\$28.89	\$28.89	\$28.89	
Mean	\$8.81	\$8.73	\$8.66	\$15.92	\$15.88	\$16.06	\$21.91	\$21.91	\$22.44	

XXX Update

In the map on the next page, **green** states (such as **Arizona**) are those that are likely to adopt the 1999 version of XXX in time to be effective on January 1, 2000. **Plaid** states (such as **Connecticut**) are those that are actively reviewing the regulation, but are not yet ready to endorse the January 1, 2000 effective date. Several of these states may actually adopt XXX early enough to be effective on January 1, 2000. The remaining states (such as **Alabama**) have not begun review of the regulation or have not taken a position on its adoption.

A note of caution about effective dates. Some states may not adopt XXX until 2000 or later, but may have still make it effective on January 1, 2000. Use extreme caution if you believe your company can avoid being affected by XXX. *The Term Report* will continue to monitor progress on XXX during 1999.

States Likely to Adopt XXX Effective 1/1/2000 (24 States)



Alabama	Moving toward 1/1/2000.
Alaska	Moving toward 1/1/2000.
Arizona	Moving toward 1/1/2000.
Arkansas	Moving toward 1/1/2000.
California	Working with industry to adopt 1/1/2000 via a bulletin.
Colorado	Moving toward 1/1/2000.
Illinois	Will adopt when regulation ban is lifted. 1/1/2000 effective date.
Iowa	Anticipate informal exposure soon. Moving toward 1/1/2000.
Kansas	Process moving to 1/1/2000 effective date.
Maine	Adopting effective 1/1/2000.
Minnesota	Adopting effective 1/1/2000.
Mississippi	Moving toward 1/1/2000.
Montana	Moving toward 1/1/2000.
Nebraska	Moving toward 1/1/2000.
Nevada	Plan to adopt before end of year. 1/1/2000 effective date.
New Mexico	Intend hearings this summer with 1/1/2000 effective date.
North Carolina	Revision to new regulation will be effective 1/1/2000.
North Dakota	Plan to adopt effective 1/1/2000.
Ohio	Drafting with hopes of 1/1/2000 effective date.
Pennsylvania	Hope to adopt effective 1/1/2000.
Rhode Island	Hope to adopt effective 1/1/2000. Can move quickly to adopt, if necessary.
Utah	Have plan in place to adopt effective 1/1/2000.
Virginia	In process. Plan to have it in this years legislative package.
Wisconsin	In process. Plan to have adopted by 8/1/99, effective 1/1/2000.

States Under Active Review of XXX (14 States)



Connecticut	Under review, positive towards XXX.
Delaware	Under review.
Kentucky	Under review.
Louisiana	Under review.
Maryland	In commissioner's hands. (51% state).
Missouri	Under review.
New Hampshire	Under review.

New Jersey	Under review.
New York	Department indicates that will be adopted early next year. Industry feels that 1/1/2000 effective date is possible.
Oregon	Fully intend to address in 1999.
South Carolina	Under review.
Texas	Drafting but unsure of effective date.
Vermont	Under review.
West Virginia	Waiting until a majority of states adopt. Old regulation has been repealed.

States Without a Current Position on XXX (22 States & DC)

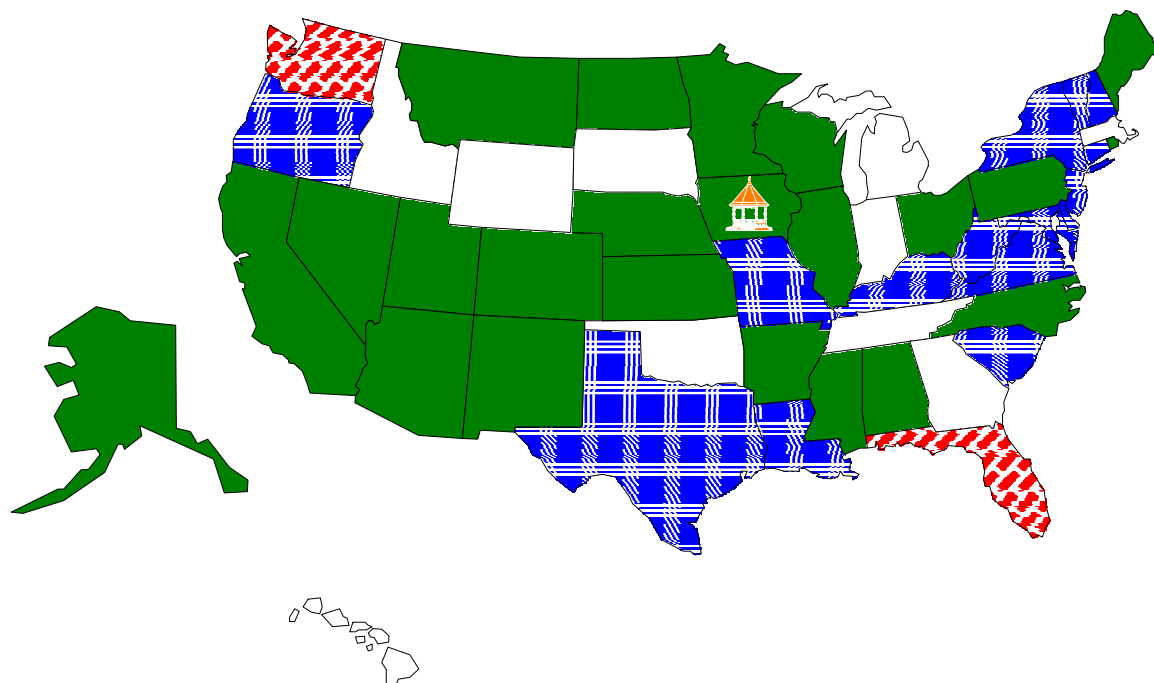


District of Columbia	On hold.
Georgia	No action at this time.
Hawaii	Have not looked at the most recent version of XXX.
Idaho	No action at this time.
Indiana	Reviewed, on hold.
Massachusetts	On hold.
Michigan	Under review.
Oklahoma	No action at this time. The Legislature has adjourned for the year.
South Dakota	No position.
Tennessee	No action at this time.
Wyoming	On hold.

States With a Potentially Adverse Position on XXX (2)



Florida	Bill to permit the Department of Insurance to adopt died with no floor action.
Washington	Department of Insurance staff has recommended adoption without the X factor.



How do I determine which factors are permitted to calculate the different types of reserves?

The following table summarizes the mortality standards specified in XXX. All the standards use the 1980 CSO Mortality Table and all its variations.

XXX Provision	No Select Mortality Factors	10-Year Select Mortality Factors	20-Year Select Mortality Factors	X Factor
Basic Reserves, First Segment	Permitted.	Permitted.	Permitted.	No.
Basic Reserves, Renewal Segments	Permitted.	Permitted, even if 1 st segment used 20-year select mortality factors.	No.	No.
Minimum Values, Basic Reserves	Permitted.	Permitted.	No.	No.
Minimum Reserves, First Segment	Permitted.	Permitted.	Permitted.	Permitted.
Minimum Reserves, Renewal Segments	Permitted.	Permitted, even if 1 st segment used 20-year select mortality factors or X factor.	No.	No.
Segment Definitions, First Segment	Only if used for minimum reserves.	Only if used for minimum reserves.	Only if 20-year select mortality factors or X factor used for minimum reserves.	No.
Segment Definitions, Renewal Segments	Not clear in regulation. See "Segment Definitions" above.	Not clear in regulation. See "Segment Definitions" above.	Not clear in regulation. See "Segment Definitions" above.	No.
Universal Life Exception Test	Required.	No.	No.	No.

XXX Provision	No Select Mortality Factors	10-Year Select Mortality Factors	20-Year Select Mortality Factors	X Factor
Universal Life Secondary Guarantees Test	Permitted.	Permitted.	No.	No.
YRT Reinsurance Exemption	Permitted.	Permitted.	No.	No.
Attained-Age-Basis YRT Exemption	Permitted.	Permitted.	No.	No.
N-Year Renewable Term Test	Permitted.	Permitted.	No.	No.

Walking a Tightrope

(continued from page 1)

adopt XXX," because it will lead to the sale of defective term policies to your states consumers."

As many states have adopted XXX and other states are trying to adopt XXX before the January 1,2000 effective date I'm sure this debate will continue long after XXX has gone into effect.

As always we welcome anyone with an opinion on this or any other topic to share it with us in this forum.

What did your consulting firm do to help solve the impending disaster in the 1999 term market?

Van Elsen Consulting has been involved with XXX since 1991. **James N. Van Elsen, FSA, MAAA** was one of the primary brokers of the compromise that allowed the 1999 version of XXX to be adopted by the NAIC. Without this compromise, the industry was faced with uneven adoption of the 1995 version of XXX.

Van Elsen Consulting was the **only** consulting firm actively working to solve the XXX crisis.

Van Elsen Consulting produced an Excel spreadsheet to calculate XXX reserves and provided it to all companies at a very reasonable cost. Many of the industry's top term insurance companies are using this spreadsheet to prepare for the 2000 implementation of XXX.

Van Elsen Consulting

Van Elsen Consulting is an actuarial consulting firm. **James N. Van Elsen, FSA, MAAA** is the firm's owner and is responsible for the work completed. We specialize in product development and in serving the needs of smaller life insurance companies.

Van Elsen Consulting is the **only** consulting firm fighting for more reasonableness in requirements for smaller companies. Many larger consulting firms have held that **all** life insurance companies should be subject to Section 8 opinions (Asset Adequacy Analysis), despite the cost or benefit to their clients. As you consider your actuarial consulting needs in the future, consider the firm that works hard to reduce the cost of regulation for its clients.