

How Safe is My Annuity?

Legal Reserve System

Through devastating world wars, financial recessions and depressions, inflation and deflation, the life insurance industry has protected people to a degree unmatched by any type of financial institution in history of the world.

The financial reliability of the life insurance industry, even in times of financial panic, was demonstrated convincingly during the Great Depression of 1929-1938 when some 9,000 banks suspended operations while 99% of all life insurance in force continued unaffected.

Unlike most industries where size is a major measure of financial stability, life insurance's unique series of safeguards can make even the smallest company a tower of strength.

State Insurance Department

Acting on its own state's insurance regulations, the state insurance department supervises all aspects of an insurance company's operation within that state. In addition, the state insurance department licenses all companies and agents to sell insurance within its boundaries. Finally, the department annually reviews each licensed company's financial report and makes sure that proper reserves are established on each policy sold within its jurisdiction.

Guaranty Association

Each state has a Guaranty Association that will protect your annuity for between \$100,000 to \$300,000 depending on your state of residence.

Required reserves ensure payment of policyholder benefits

A large percentage of each premium dollar goes into the policy owner's reserve fund. This policy reserve (legal reserve) fund is established as a way of determining the assets the company must maintain in order to be able to meet its future commitments under the policies it has issued. The reserve liabilities are established as financial safeguards to ensure the company will have sufficient assets to pay its claims when they

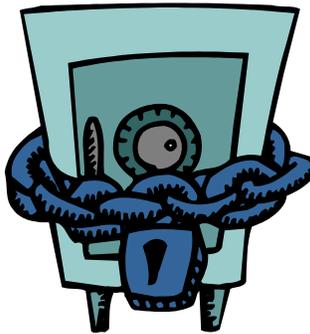
fall due.

Periodic company examinations

Every year all legal reserve life insurance companies submit Annual Statements to the insurance departments of each state in which they are licensed to do business. The format and contents of the forms are a detailed report of an insurance company's financial status that is important in evaluating the company's solvency and compliance with insurance laws.

Additional Safeguards

1. Reinsurance: Nearly every legal reserve life insurance company further protects its policyholder by reinsuring part of their coverage with a life reinsurance company. Reinsurance prevents relatively sizeable claims from depleting a company's policyholder reserves.
2. Surplus: The surplus is the amount by which a company's assets exceed its liabilities. The surplus protects its policyholders and third parties against any deficiency in the insurer's provisions for meeting its obligations.



Yours for life

Another unique advantage of legal reserve life insurance is that if one company is purchased or merged into another, there is no change whatsoever in the policy benefits or premiums. Legal reserve life insurance companies have established a public responsibility to respect both the letter and the spirit of laws and regulations so the interests of their policyholders are always protected.

Policyholders protection comes first

Today, as has been the case for many years, it is virtually impossible for the policyholders of legal reserve life insurance companies to lose their policy benefits through strict state insurance department regulations and the establishment of many state insurance guaranty associations, and because of the insurance industry's history of financial stability and public responsibility that its operations are not detrimental to the welfare of the community, your policy is secured by powerful safeguards.