

# **1997 US Retention Survey**

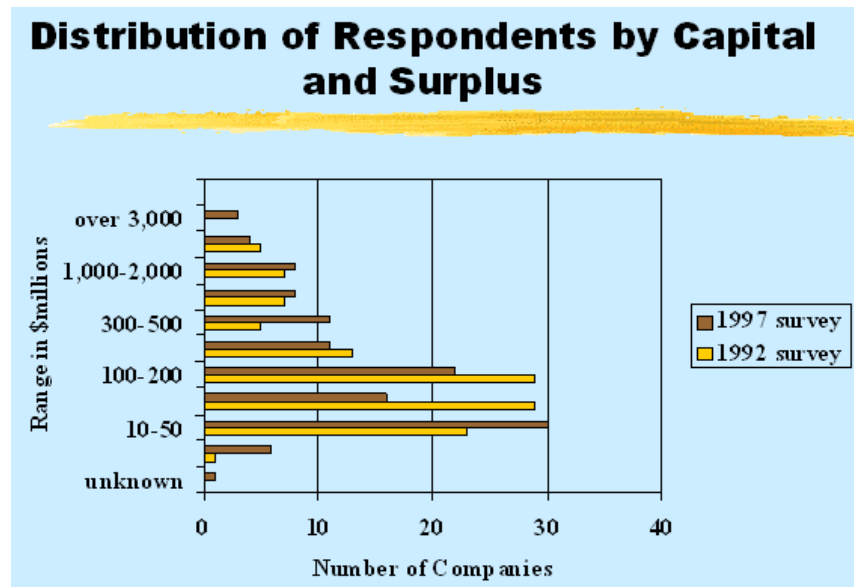


**Munich American Reassurance  
Company**

In 1997, Munich American conducted its fourth survey on retention limits. The third survey was done in 1992.

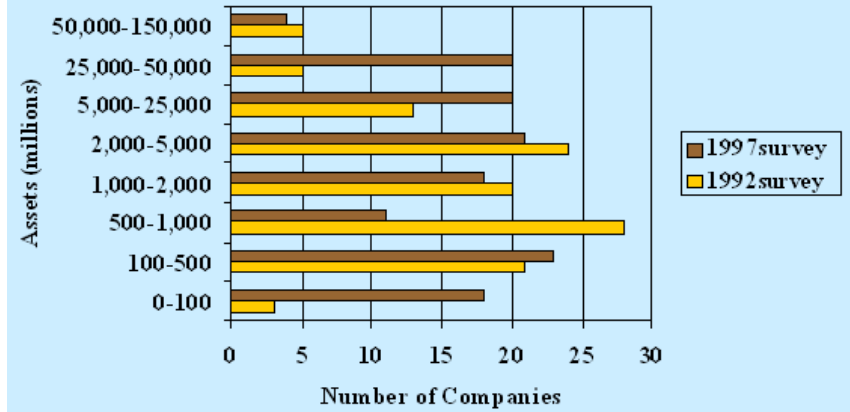
### Companies Surveyed

Of the 322 companies in the United States surveyed in 1997, 120 companies responded, which is roughly the same number that responded to our 1992 survey. The survey consisted of a fairly extensive questionnaire for each line of business including ordinary life, individual disability income, ADB (Accidental Death Benefit) and AD&D (Accidental Death and Dismemberment). This is an empirical survey of actual retention limits and does not give any theoretical justification as to how companies have set their retention. However, in comparing the 1997 results with the 1992 results, we have made some observations on industry behavior.



This graph shows the distribution of the 120 respondents by their capital and surplus. The unknown category consists of a small number of companies who did not report their capital and surplus, and their surplus was not in our database. You will notice that more companies have capital and surplus of more than \$200 million than in the earlier survey. The largest single group of companies is in the \$10-15 million range. This mix of companies is a little bit different from five years ago and is perhaps indicative of the consolidation that has taken place in the insurance marketplace since then. The bigger companies are getting bigger and the smaller companies are remaining small.

## Distribution of Respondents by Total Assets

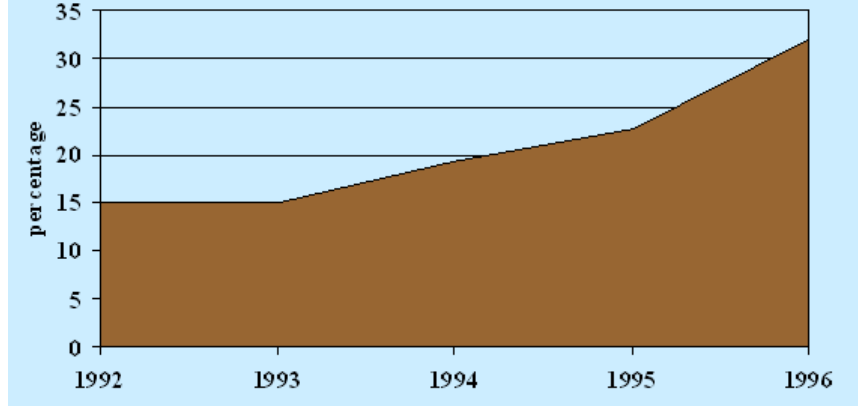


This graph shows the distribution of the respondents by total company assets. There are many more companies that have assets greater than \$5 billion in this survey than in the earlier one. There are also more companies with assets of less than \$500 million. However, there are fewer companies in the survey with assets between \$500 million and \$5 billion. This is also indicative of the consolidation among life insurers.

### Ordinary Life

According to figures published by the ACLI, ordinary life sales have been relatively flat over the last five years. Ordinary life face amount sold was roughly a trillion dollars in 1992, and \$1.1 trillion in 1996, which is only a minimal growth for that period of time. On the other hand, the Reinsurance Section of the Society of Actuaries has sponsored a survey measuring recurring reinsurance production for ordinary life. This survey shows that production has gone from \$150 billion in 1992 to slightly over \$350 billion in 1996. This would seem to indicate that despite the fact that companies are getting larger, there is more business being reinsured.

## Percentage of Ordinary Life Sales Reinsured

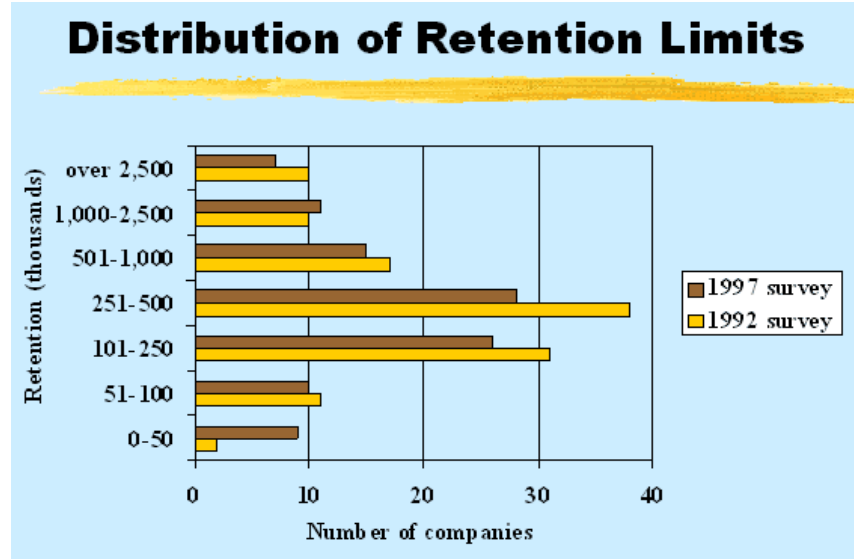


This graph shows the large increase in the percentage of ordinary life sales reinsured over the last three years. In 1992 and 1993, roughly 15% of the new sales were reinsured. But for 1996, roughly 1/3 of the 1996 sales are reinsured. We also researched data from 1988–1992 and found that 15% was a good historical benchmark up until 1992. After 1992, the percentage of new business reinsured grew rapidly, despite the fact that companies are larger in size.

We presume that the reason for the growth in reinsurance might have something to do with the price of reinsurance. In our survey, we asked if the company has a quota share retention. We found out that 34 of the 105 companies responding for ordinary life insurance used quota share. Many of these 34 companies are among the very largest companies in the industry and produce a lot of business, and therefore generate a lot of the reinsurance shown in the prior graph. Of the 34 companies that used quota share reinsurance, 33 of them quota share term business and a few quota share their permanent products. Only one company kept their full retention on term and reinsured their permanent product on a quota share basis.

## Distribution of Ordinary Life Retention Levels

We asked the companies about their normal ordinary life retention, notwithstanding any quota share arrangement.



This graph shows the distribution by retention levels. The results indicate that the most prevalent retention limit is somewhere between \$250,000 and \$500,000 and the next most popular retention is between \$100,000 and \$250,000. The general shape of the distribution has not really changed much over the last five years. This would imply that, even though companies were becoming larger, they have not increased their retention significantly in the last five years.

Although the study shows that there is a large variation in retention levels, we tried to ascertain some reasons why companies may be more or less risk adverse. Obviously, the tolerance level of how the CEO can sleep at night is a big factor. The pricing assumptions, particularly with preferred underwriting, may be another factor. Other factors include whether the company considers ordinary life as a core business or as a separate profit center. Understandably, the price of reinsurance must be considered as a factor in determining a company's retention.

## Retention Compared with Capital and Surplus, Assets, and In Force

Large variation in retention levels

retention per million of	mean	median
Ordinary Inforce	33	36
Capital & Surplus	2,526	2,956
Total Assets	164	268

We took each of the 105 company's retention, and compared it with its capital and surplus, its assets and its ordinary in force. We rated the companies from the most risk averse, that is, the companies that had the lowest ratios, to the wildest swingers in the marketplace. There are large variations among companies: one company has a retention of one dollar per million of in force,

while another company indicated that their retention was a million dollars per million dollars of in force. That is an unlimited retention. These simple formulas will put a company's retention at the mean or median level for all companies.

### **An Empirical Formula for Retention Level**

#### **Ordinary Life Retention Level**

Multiple Regression used on responses to give the following:

$$\text{Retention} = .085\% \text{ Capital \& Surplus} \\ + .26\% \text{ Ordinary Life Premium}$$

$$\text{R-Squared} = .9988$$

In this analysis we examined not only the capital and surplus and ordinary life premiums, but we also looked at other factors such as assets and ordinary in force. The best multiple regression formula is found above. It also gave us the best  $R^2$  ratio, .9988. The  $R^2$  ratio is a predictor of how accurate the formula is, with an  $R^2$  of 1.0 being a perfect predictor

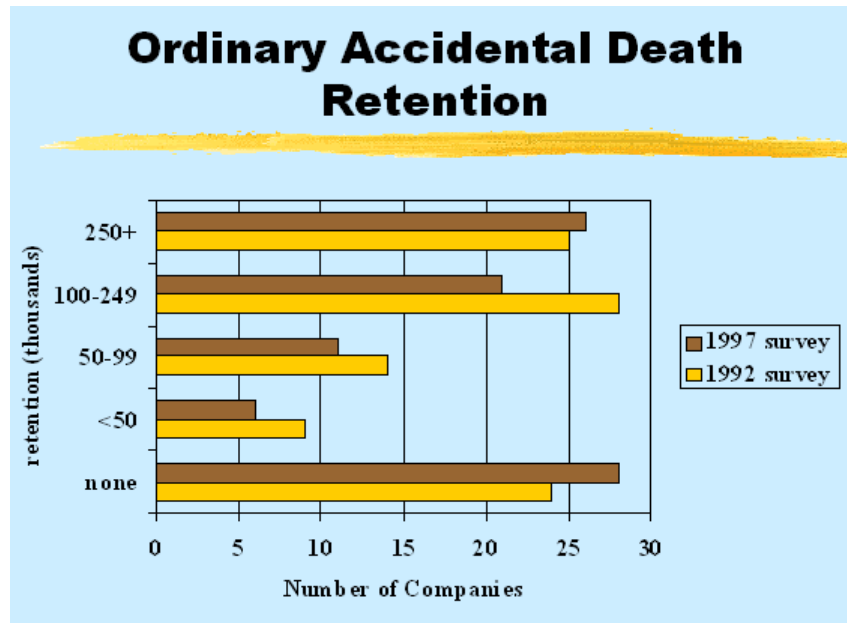
We think that the formula makes sense. A company may want to set its retention as a percentage of its capital and surplus, so that it would increase its retention with its size. Likewise, as the premium base grows there is a smaller probability of fluctuations. Therefore, setting a retention as a percentage of ordinary life premium also seems reasonable. We examined the actual retention of the 105 respondents and compared it with the formula. For some companies, the formula predicted the retention within \$500, but for one company, the ordinary life retention was \$5.5 million higher than what the formula would predict. The larger companies produced the largest discrepancies between the actual retention and what the formula would predict. However, often the formula tended to overstate actual retention levels.

### **The Grading of Retention by Age or Substandard Rating**

It has been our practice to ask companies whether they graded their retention by either age, table rating, or by plan. Fifty-five percent of the companies grade their retention by one or more of those factors. Thirty-two percent did not grade, that is, they had a single retention regardless of age or table rating. Thirteen percent of the companies did not answer the question. Half of the companies that graded their retention used a combination of age and table rating. That is, they may reduce their retention above age 70, and they may reduce their retention at a table rating of eight or higher. The others used either age or table rating, but not both.

## Accidental Death Benefits

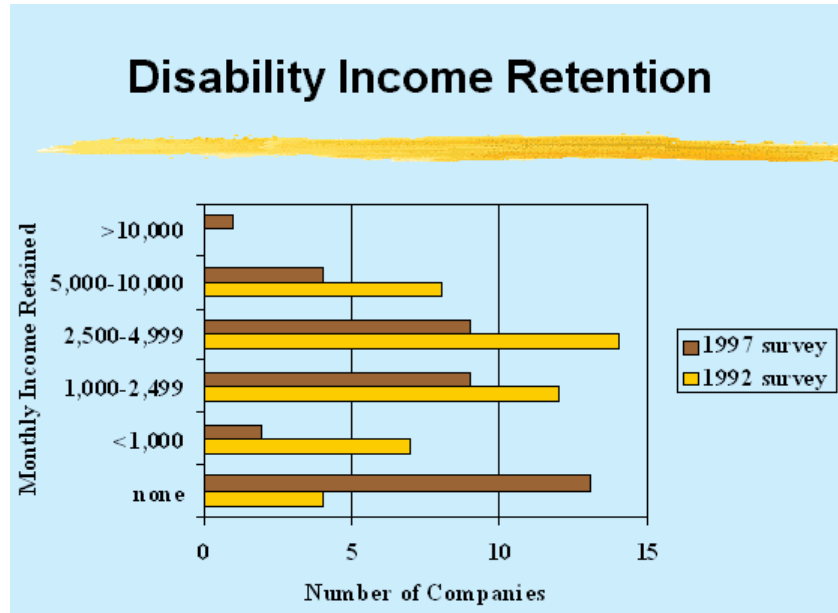
Ninety-two companies in our survey reported that they wrote Accidental Death benefits. Roughly 30% of these companies did not retain any of the risk, presumably reinsuring the risk through a bulk ADB treaty. For the 64 companies that write ADB and retain a portion of it, they set their ADB retention at \$50,000, \$100,000 or \$250,000. This is very similar to what companies were doing in 1992. The following is a graph of the distribution of ADB retention levels.



## Individual Disability Income

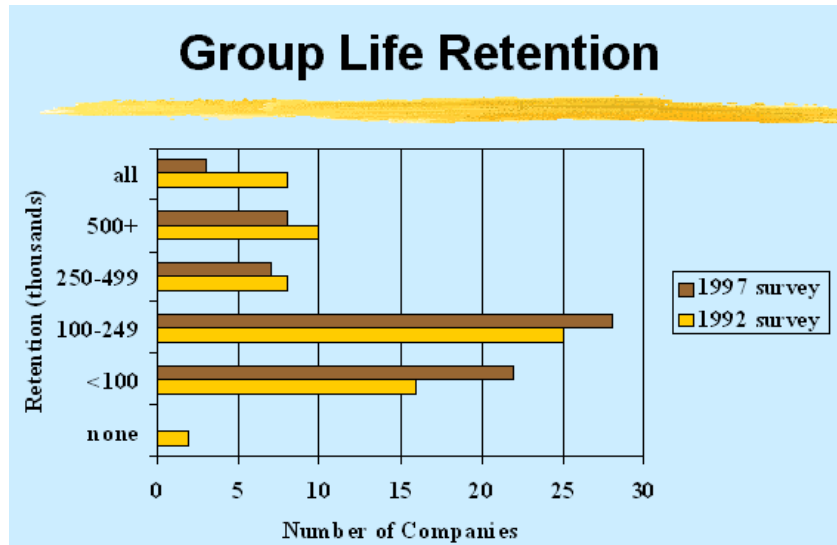
Individual disability income was also surveyed. Of the 120 companies that responded to the survey, only 26 companies retained any individual disability income. There were 13 companies that indicated that they wrote some disability income, did not retain any of it, and reinsured it all. These companies may have had marketing or distribution arrangements, since they did not retain any risk. It is also possible that the companies may have reinsured their existing disability income business.

There has been a tremendous consolidation in the disability income business in the last five years (see graph below). Nevertheless, we measured the 39 respondents writing disability income. The most common retention for companies in the disability income business is zero. The number of companies who have a retention of less than \$1,000 per month has significantly reduced in the last five years. As you can see from the graph, the distribution has definitely changed because there are fewer companies in the marketplace. Only one company reported keeping more than \$10,000 a month.



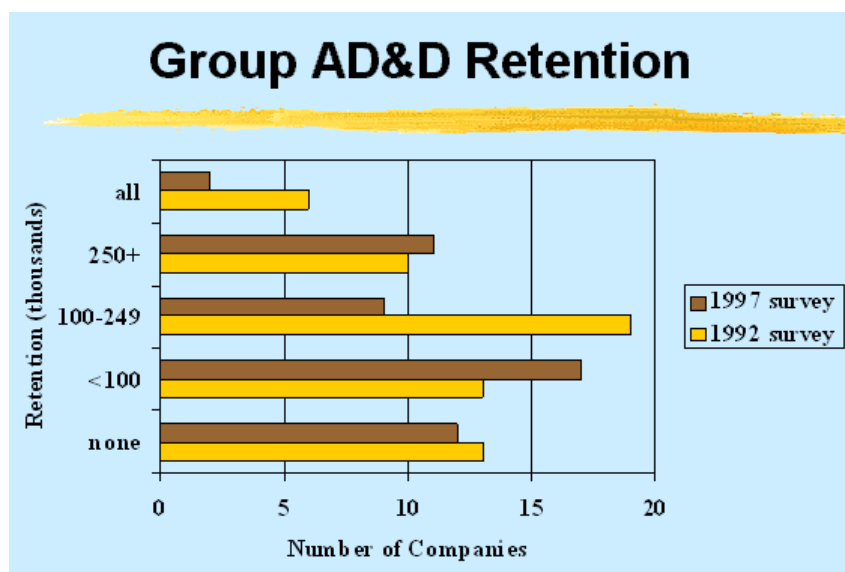
## Group Life

The following graph shows the distribution of group life retention levels. In the 1997 survey, 69 companies stated that they wrote group life business, as compared with 70 companies in 1992. In 1992, eight companies stated that they retained all of their group life, but only three stated that they retained all of their group life writings in 1997. The most popular retention level in both surveys is \$100,000. One may notice that there are slightly more companies that have a retention of less than \$100,000 in the current survey. Other than this, the distributions appear quite similar.



## Group AD&D Retention

We surveyed companies about their retention for Group Accidental Death and Dismemberment benefits. Ten fewer companies indicated that they wrote Group AD&D in 1997 than in 1992. The number of companies which reported that they retained all Group AD&D benefits is much lower in 1997 than in 1992. The most common retention in 1997 is \$50,000, whereas, in 1992 it was \$100,000. All of these factors would indicate that companies do not perceive Group AD&D as attractively as they did five years ago.



## Catastrophe Reinsurance

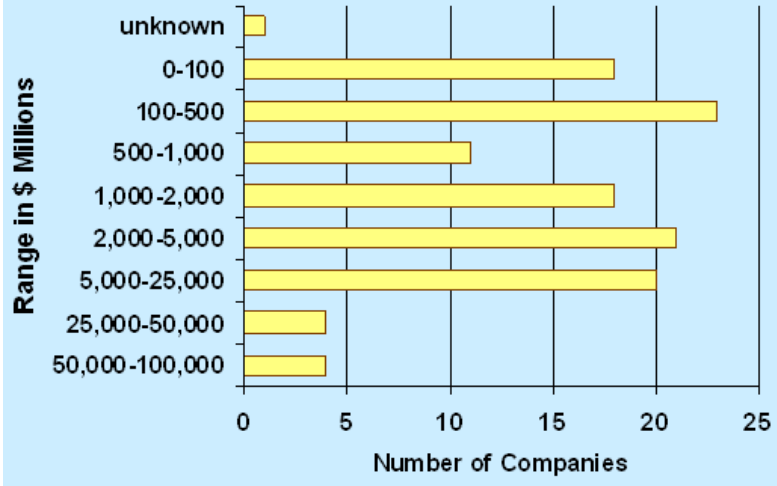
We also asked about catastrophe reinsurance in the survey. Sixty-two percent of the companies indicated they had catastrophe reinsurance for their ordinary line of business, and 37.5% had catastrophe reinsurance coverage for their group business. However, both of those percentages are smaller than reported in 1992.

## Conclusion

We are very grateful to the companies that responded to the survey. Without these companies, we would not have been able to analyze the trends in reinsurance practice over the last five years.

In conclusion, we determined from our survey that the life insurance industry in the United States is consolidating, resulting in larger insurance companies or smaller companies. There are fewer and fewer companies in the middle. This would normally mean that retention limits would increase, and there would be less reinsurance. But this survey, as well as the numbers from the ACLI and the Society of Actuaries, indicate the opposite. There is much more quota share reinsurance of ordinary life, and more zero retention of disability income. Those companies who do keep a retention, in the aggregate, have not increased their retention limits over the last five years. We may have arrived at some counter intuitive conclusions. Nonetheless it has been an interesting experience for us doing the survey and we hope that you also find these results not only interesting but valuable as well.

# Distribution of Respondents by Total Assets



**ORDINARY SINGLE LIFE RETENTION RANKED BY ORDINARY IN FORCE**

NUMBER OF COMPANIES	ORDINARY IN FORCE			ORDINARY RETENTION AMOUNT				
	MINIMUM	MAXIMUM	AVERAGE	MINIMUM	MAXIMUM	MEAN	MEDIAN	MODE
8	400,000	199,999,999	19,634,000	37,500	250,000	87,188	70,000	50,000 & 100,000
9	200,000,000	999,999,999	673,569,222	50,000	500,000	144,444	75,000	50,000
10	1,000,000,000	2,999,999,999	1,781,944,200	100,000	250,000	155,000	150,000	150,000
12	3,000,000,000	5,999,999,999	4,733,996,250	50,000	500,000	291,667	250,000	250,000
12	6,000,000,000	9,999,999,999	7,778,075,333	150,000	1,000,000	370,833	275,000	200,000
11	10,000,000,000	12,999,999,999	11,591,472,182	100,000	1,250,000	500,000	500,000	500,000
12	13,000,000,000	29,999,999,999	20,802,449,333	200,000	1,500,000	683,333	500,000	500,000
7	30,000,000,000	39,999,999,999	33,404,063,787	400,000	3,000,000	1,271,429	1,000,000	1,000,000 & 1,500,000
12	40,000,000,000	99,999,999,999	49,442,439,583	500,000	2,000,000	966,667	750,000	500,000
12	100,000,000,000	399,999,999,999	171,036,096,500	500,000	20,000,000	5,645,833	2,575,000	1,000,000 & 5,000,000
105	400,000	399,999,999,999	32,675,142,491	37,500	20,000,000	1,080,445	400,000	500,000

**ORDINARY SINGLE LIFE RETENTION RANKED BY CAPITAL & SURPLUS**

NUMBER OF COMPANIES	CAPITAL & SURPLUS			RETENTION AMOUNT				
	MINIMUM	MAXIMUM	AVERAGE	MINIMUM	MAXIMUM	MEAN	MEDIAN	MODE
11	2,000,000	14,999,999	10,330,210	37,500	250,000	74,773	50,000	50,000
11	15,000,000	29,999,999	20,772,875	100,000	500,000	218,182	150,000	100,000
12	30,000,000	59,999,999	44,383,567	75,000	500,000	214,583	150,000	150,000
9	60,000,000	99,999,999	73,218,135	100,000	500,000	366,667	400,000	500,000
11	100,000,000	149,999,999	121,183,671	50,000	500,000	295,455	250,000	250,000
13	150,000,000	249,999,999	199,439,052	200,000	2,500,000	665,385	500,000	500,000
12	250,000,000	349,999,999	305,574,610	200,000	3,000,000	970,833	750,000	500,000
11	350,000,000	999,999,999	578,894,965	250,000	2,000,000	940,909	1,000,000	1,000,000
15	1,000,000,000	4,999,999,999	1,961,332,172	700,000	20,000,000	4,696,667	1,500,000	1,500,000
105	2,000,000	4,999,999,999	427,753,815	37,500	20,000,000	1,080,452	400,000	500,000

**ORDINARY SINGLE LIFE RETENTION RANKED BY TOTAL ASSETS**

NUMBER OF COMPANIES	TOTAL ASSETS			RETENTION AMOUNT				
	MINIMUM	MAXIMUM	AVERAGE	MINIMUM	MAXIMUM	MEAN	MEDIAN	MODE
12	10,000,000	99,999,999	33,956,682	37,500	500,000	118,542	60,000	50,000
9	100,000,000	249,999,999	167,700,294	50,000	500,000	161,111	100,000	100,000
12	250,000,000	499,999,999	369,806,628	75,000	500,000	218,750	175,000	150,000
9	500,000,000	999,999,999	651,045,830	200,000	1,000,000	411,111	300,000	250,000
11	1,000,000,000	1,499,999,999	1,297,731,306	50,000	2,500,000	490,909	250,000	250,000 & 500,000
10	1,500,000,000	2,499,999,999	1,909,896,827	250,000	1,000,000	485,000	500,000	500,000
11	2,500,000,000	3,999,999,999	3,077,222,532	200,000	1,500,000	640,909	400,000	200,000
9	4,000,000,000	5,999,999,999	5,241,991,044	500,000	3,000,000	1,072,222	700,000	500,000 & 600,000
12	6,000,000,000	19,999,999,999	10,146,781,190	300,000	5,000,000	1,358,333	1,000,000	1,000,000
10	20,000,000,000	79,999,999,999	44,392,860,502	750,000	20,000,000	6,100,000	2,250,000	1,500,000
105	10,000,000	79,999,999,999	6,593,383,181	37,500	20,000,000	1,080,452	400,000	500,000

<b>NUMBER OF COMPANIES WITHIN ORDINARY LIFE RETENTION</b>			
<b>SINGLE LIFE RETENTION</b>	<b>NUMBER OF COMPANIES</b>	<b>PERCENTAGE OF TOTAL</b>	<b>CUMULATIVE PERCENTAGE</b>
20,000,000	1	0.8%	0.8%
15,000,000	1	0.8%	1.7%
12,000,000	1	0.8%	2.5%
5,000,000	2	1.7%	4.2%
3,000,000	2	1.7%	5.8%
2,500,000	1	0.8%	6.7%
2,000,000	2	1.7%	8.3%
1,500,000	5	4.2%	12.5%
1,250,000	3	2.5%	15.0%
1,000,000	10	8.3%	23.3%
750,000	2	1.7%	25.0%
700,000	1	0.8%	25.8%
600,000	2	1.7%	27.5%
500,000	19	15.8%	43.3%
400,000	2	1.7%	45.0%
350,000	2	1.7%	46.7%
300,000	5	4.2%	50.8%
250,000	13	10.8%	61.7%
200,000	6	5.0%	66.7%
150,000	7	5.8%	72.5%
100,000	7	5.8%	78.3%
75,000	2	1.7%	80.0%
70,000	1	0.8%	80.8%
50,000	7	5.8%	86.7%
40,000	1	0.8%	87.5%
37,500	1	0.8%	88.3%
VARIES	1	0.8%	89.2%
DO NOT WRITE	13	10.8%	100.0%
TOTAL	120	100.0%	

<b>ORDINARY ACCIDENTAL DEATH RETENTION</b>			
<b>RETENTION AMOUNT</b>	<b>NUMBER OF COMPANIES</b>	<b>PERCENTAGE OF TOTAL</b>	<b>CUMULATIVE PERCENTAGE</b>
1,500,000	1	0.8%	0.8%
1,000,000	1	0.8%	1.7%
750,000	1	0.8%	2.5%
500,000	8	6.7%	9.2%
300,000	4	3.3%	12.5%
250,000	11	9.2%	21.7%
200,000	7	5.8%	27.5%
150,000	3	2.5%	30.0%
100,000	11	9.2%	39.2%
70,000	1	0.8%	40.0%
50,000	10	8.3%	48.3%
25,000	3	2.5%	50.8%
7,500	1	0.8%	51.7%
5,000	1	0.8%	52.5%
3,000	1	0.8%	53.3%
SUBTOTAL	64	53.3%	53.3%
DO NOT RETAIN	28	23.3%	76.7%
DO NOT WRITE	24	20.0%	96.7%
RETAIN ALL	3	2.5%	99.2%
RETAIN PERCENT	1	0.8%	100.0%
TOTAL	120	100.0%	100.0%

<b>GROUP LIFE RETENTION</b>			
<b>RETENTION AMOUNT</b>	<b>NUMBER OF COMPANIES</b>	<b>PERCENTAGE OF TOTAL</b>	<b>CUMULATIVE PERCENTAGES</b>
1,500,000	1	0.8%	0.8%
1,000,000	3	2.5%	3.3%
600,000	1	0.8%	4.2%
500,000	3	2.5%	6.7%
350,000	1	0.8%	7.5%
300,000	3	2.5%	10.0%
250,000	3	2.5%	12.5%
200,000	5	4.2%	16.7%
150,000	6	5.0%	21.7%
110,000	1	0.8%	22.5%
100,000	16	13.3%	35.8%
75,000	4	3.3%	39.2%
70,000	1	0.8%	40.0%
60,000	1	0.8%	40.8%
50,000	9	7.5%	48.3%
40,000	3	2.5%	50.8%
37,500	1	0.8%	51.7%
30,000	1	0.8%	52.5%
25,000	2	1.7%	54.2%
SUBTOTAL	65	54.2%	54.2%
RETAIN ALL	3	2.5%	56.7%
RETAIN PERCENT	1	0.8%	57.5%
DO NOT WRITE	51	42.5%	100.0%
TOTAL	120	100.0%	100.0%

<b>GROUP ACCIDENTAL DEATH &amp; DISMEMBERMENT RETENTION</b>			
<b>RETENTION AMOUNT</b>	<b>NUMBER OF COMPANIES</b>	<b>PERCENTAGE OF TOTAL</b>	<b>CUMULATIVE PERCENTAGES</b>
1,000,000	3	2.5%	2.5%
500,000	3	2.5%	5.0%
300,000	1	0.8%	5.8%
250,000	4	3.3%	9.2%
200,000	3	2.5%	11.7%
150,000	2	1.7%	13.3%
100,000	4	3.3%	16.7%
75,000	1	0.8%	17.5%
62,500	1	0.8%	18.3%
50,000	11	9.2%	27.5%
40,000	1	0.8%	28.3%
25,000	1	0.8%	29.2%
20,000	1	0.8%	30.0%
3,000	1	0.8%	30.8%
SUBTOTALS	37	30.8%	30.8%
DO NOT RETAIN	12	10.0%	40.8%
RETAIN ALL	2	1.7%	42.5%
RETAIN PERCENT	2	1.7%	44.2%
DO NOT WRITE	67	55.8%	100.0%
TOTAL	120	100.0%	100.0%

<b>MONTHLY DISABILITY INCOME RETENTION</b>			
<b>RETENTION AMOUNT</b>	<b>NUMBER OF COMPANIES</b>	<b>PERCENTAGE OF TOTAL</b>	<b>CUMULATIVE PERCENTAGES</b>
15,000	1	0.8%	0.8%
10,000	1	0.8%	1.7%
5,000	3	2.5%	4.2%
4,167	1	0.8%	5.0%
4,000	2	1.7%	6.7%
3,500	1	0.8%	7.5%
3,000	4	3.3%	10.8%
2,500	1	0.8%	11.7%
2,500	1	0.8%	12.5%
2,000	2	1.7%	14.2%
1,500	2	1.7%	15.8%
1,500	3	2.5%	18.3%
1,250	1	0.8%	19.2%
1,000	1	0.8%	20.0%
750	1	0.8%	20.8%
600	1	0.8%	21.7%
SUBTOTALS	26	21.7%	21.7%
RETAIN ALL	3	2.5%	24.2%
VARIES	1	0.8%	25.0%
DO NOT RETAIN	13	10.8%	35.8%
DO NOT WRITE	77	64.2%	100.0%
TOTAL	120	100.0%	100.0%

**RANKING BY ORDINARY SINGLE LIFE RETENTION  
AS A PROPORTION OF ORDINARY IN FORCE  
(EXPRESSED AS DOLLARS PER \$1,000,000)**

<b>NUMBER OF COMPANIES</b>	<b>MINIMUM RETENTION</b>	<b>MAXIMUM RETENTION</b>	<b>PERCENTAGE OF COMPANIES</b>	<b>CUMULATIVE PERCENTAGES</b>
2	\$1.0	\$4.9	1.9%	1.9%
4	5.0	9.9	3.8%	5.7%
11	10.0	14.9	10.5%	16.2%
4	15.0	19.9	3.8%	20.0%
8	20.0	24.9	7.6%	27.6%
5	25.0	29.9	4.8%	32.4%
9	30.0	34.9	8.6%	41.0%
2	35.0	39.9	1.9%	42.9%
9	40.0	44.9	8.6%	51.4%
6	45.0	49.9	5.7%	57.1%
5	50.0	59.9	4.8%	61.9%
4	60.0	69.9	3.8%	65.7%
6	70.0	79.9	5.7%	71.4%
3	80.0	89.9	2.9%	74.3%
5	90.0	99.9	4.8%	79.0%
10	100.0	199.9	9.5%	88.6%
5	200.0	999.9	4.8%	93.3%
5	1,000.0	9,999.9	4.8%	98.1%
1	10,000.0	99,999.9	1.0%	99.0%
1	100,000.0	999,999.9	1.0%	100.0%
105	\$1.0	\$999,999.9	100.0%	100.0%

**RANKING BY ORDINARY SINGLE LIFE RETENTION  
AS A PROPORTION OF CAPITAL & SURPLUS  
(EXPRESSED AS DOLLARS PER \$100,000)**

<b>NUMBER OF COMPANIES</b>	<b>MINIMUM RETENTION</b>	<b>MAXIMUM RETENTION</b>	<b>PERCENTAGE OF COMPANIES</b>	<b>CUMULATIVE PERCENTAGES</b>
4	\$30.0	\$49.9	3.8%	3.8%
10	50.0	999.9	9.5%	13.3%
10	100.0	149.9	9.5%	22.9%
10	150.0	199.9	9.5%	32.4%
13	200.0	299.9	12.4%	44.8%
11	300.0	399.0	10.5%	55.2%
13	400.0	499.9	12.4%	67.6%
12	500.0	599.9	11.4%	79.0%
15	600.0	999.9	14.3%	93.3%
7	1,000.0	2,999.9	6.7%	100.0%
105	\$30.0	\$2,999.9	100.0%	100.0%

**RANKING BY ORDINARY SINGLE LIFE RETENTION  
AS A PROPORTION OF TOTAL ASSETS  
(EXPRESSED AS DOLLARS PER \$1,000,000)**

NUMBER OF COMPANIES	MINIMUM RETENTION	MAXIMUM RETENTION	PERCENTAGE OF COMPANIES	CUMULATIVE PERCENTAGES
8	\$1.0	\$4.9	7.6%	7.6%
11	5.0	9.9	10.5%	18.1%
10	10.0	14.9	9.5%	27.6%
8	15.0	19.9	7.6%	35.2%
12	20.0	29.9	11.4%	46.7%
13	30.0	39.9	12.4%	59.0%
8	40.0	49.9	7.6%	66.7%
9	50.0	59.9	8.6%	75.2%
10	60.0	99.9	9.5%	84.8%
8	100.0	199.9	7.6%	92.4%
6	200.0	999.9	5.7%	98.1%
2	1,000.0	2,399.9	1.9%	100.0%
105	\$1.0	\$2,399.9	100.0%	100.0%

COVERAGE CONSIDERATIONS	YES		NO		NO RESPONSE	
	NUMBER	%	NUMBER	%	NUMBER	%
Combine Life & Accidental Death Benefit to Calculate Retention	16	13.3	13	10.8	91	75.0
Catastrophe Coverage Reinsurance for Individual Life	75	62.5	31	25.8	14	11.7
Catastrophe Coverage Reinsurance for Group Life/AD&D	45	37.5	34	28.3	41	34.2

<b>GRADED ORDINARY RETENTION</b>		
<b>REASON</b>	<b>NUMBER OF COMPANIES</b>	<b>PERCENTAGE OF COMPANIES</b>
AGE ONLY	10	8.3%
AGE & RATING	38	31.7%
AGE, RATING, & PLAN	7	5.8%
PLAN ONLY	1	0.8%
RATING ONLY	8	6.7%
NOT GRADED	39	32.5%
OTHER	1	0.8%
NO RESPONSE	16	13.3%
TOTAL	120	100.0%

ORDINARY RETENTION CHANGES							
YEAR	MOST RECENT CHANGE		NEXT MOST RECENT		LAST MOST RECENT		TOTALS
	INC	DEC	INC	DEC	INC	DEC	
1981	2	0	7	0	3	0	12
1982	1	0	3	0	0	1	5
1983	0	0	3	0	3	0	6
1984	4	0	4	0	3	0	11
1985	3	0	3	0	4	0	10
1986	1	0	7	0	3	0	11
1987	2	0	6	0	0	0	8
1988	8	0	1	0	5	0	14
1989	8	0	2	0	0	1	11
1990	4	0	4	0	1	0	9
1991	6	1	1	1	1	0	10
1992	8	0	2	1	1	0	12
1993	8	1	2	1	3	0	15
1994	8	1	4	0	0	0	13
1995	12	2	2	0	0	0	16
1996	8	0	0	0	0	0	8
EARLIER	6	0	18	0	16	1	41
N/A	26		48		74		148
TOTALS	115	5	117	3	117	3	360

DISABILITY RETENTION CHANGES							
YEAR	MOST RECENT CHANGE		NEXT MOST RECENT		LAST MOST RECENT		TOTALS
	INC	DEC	INC	DEC	INC	DEC	
1981	0	0	0	0	0	0	0
1982	0	0	0	0	0	0	0
1983	1	0	1	0	0	0	2
1984	0	0	0	0	0	0	0
1985	0	0	3	0	0	0	3
1986	1	0	0	0	0	0	1
1987	2	0	1	0	0	0	3
1988	1	0	1	0	0	0	2
1989	0	0	0	0	0	0	0
1990	1	0	2	0	0	1	4
1991	2	0	0	0	0	0	2
1992	1	0	0	1	0	0	2
1993	2	0	0	0	0	0	2
1994	1	2	0	0	0	0	3
1995	2	0	0	0	0	0	2
1996	0	2	0	0	0	0	2
EARLIER	0	0	1	0	4	0	5
N/A	102		110		115		327
TOTALS	116	4	119	1	119	1	360

**GRADED DISABILITY INCOME RETENTION**

<b>REASON</b>	<b>NUMBER OF COMPANIES</b>	<b>PERCENTAGE OF COMPANIES</b>
PLAN & BENEFIT PERIOD	1	0.8%
BENEFIT PERIOD	4	3.3%
OCC & BEN PERIOD	3	2.5%
OCCUPATION & AGE	1	0.8%
NOT GRADED	29	24.2%
NO RESPONSE	82	68.3%
TOTAL	120	100.0%

GROUP LTD RETENTION CHANGES							
YEAR	MOST RECENT CHANGE		NEXT MOST RECENT		LAST MOST RECENT		TOTALS
	INC	DEC	INC	DEC	INC	DEC	
1981	0	0	0	0	1	0	1
1982	0	0	0	0	0	0	0
1983	0	0	0	0	0	0	0
1984	1	0	0	0	0	0	1
1985	0	0	1	0	1	0	2
1986	0	0	0	0	0	0	0
1987	1	0	1	0	0	0	2
1988	2	0	1	0	1	0	4
1989	1	0	0	0	0	0	1
1990	1	0	2	0	0	0	3
1991	0	0	1	0	0	0	1
1992	2	0	0	0	0	0	2
1993	3	0	0	0	0	0	3
1994	1	0	1	0	0	0	2
1995	0	2	0	0	0	0	2
1996	1	2	0	0	0	0	3
EARLIER	0	0	0	0	0	0	0
N/A	103		113		117		333
TOTALS	116	4	120	0	120	0	360

GROUP LIFE RETENTION CHANGES							
YEAR	MOST RECENT CHANGE		NEXT MOST RECENT		LAST MOST RECENT		TOTALS
	INC	DEC	INC	DEC	INC	DEC	
1981	2	0	0	0	1	0	3
1982	0	0	1	0	0	0	1
1983	1	0	0	0	0	0	1
1984	3	0	1	0	1	0	5
1985	1	0	0	0	2	0	3
1986	2	0	0	0	0	0	2
1987	2	0	1	0	1	0	4
1988	2	0	0	0	0	0	2
1989	2	0	1	0	0	0	3
1990	1	0	1	0	1	0	3
1991	2	0	2	0	0	0	4
1992	2	0	3	0	0	0	5
1993	2	0	0	0	0	0	2
1994	5	0	0	0	0	0	5
1995	5	1	1	1	0	0	8
1996	5	1	0	0	0	0	6
EARLIER	3	1	2	0	1	0	7
N/A	77		106		113		296
TOTALS	117	3	119	0	120	0	360

## Companies Participating in the Survey

Advance Insurance Company  
All American Life Insurance Company  
Allianz Life Insurance Company of North America  
Amalgamated Life Insurance Company, Inc., The  
AmerUs Life  
American Family Life Insurance Company  
American Fidelity Assurance Company  
American Franklin Life Insurance Company, The  
American General Life Insurance Company  
American Heritage Life Insurance Company  
American National Insurance Company  
American Pioneer Life Insurance Company  
American United Life Insurance Company  
Auto Club Life Insurance Co  
Auto-Owners Life Insurance Company  
BCS Life Insurance Company  
Balboa Life Insurance Company  
Baltimore Life Insurance Company, The  
Beneficial Life Insurance Company  
Business Men's Assurance Company of America  
CU Life Insurance Company of New York  
CUNA Mutual Life Insurance Company  
Cincinnati Life Insurance Company, The  
Citicorp Life Insurance Company  
Columbian Mutual Life Insurance Company  
Columbus Life Insurance Company  
Commercial Union Life Insurance Company of America  
Concord General Life Insurance Company, Inc.  
Connecticut General Life Insurance Company  
Continental General Insurance Company  
Country Life Insurance Company  
Crown Life Insurance Company  
EPIC Life Insurance Company, The  
Empire General Life Assurance Corporation  
Equitable Life Assurance Society of the United States, The  
Erie Family Life Insurance Company  
FHP Life Insurance Company  
Farm Bureau Life Insurance Company  
Farm Family Life Insurance Company  
Farmers and Traders Life Insurance Company  
Federated Life Insurance Company  
Fidelity Security Life Insurance Company  
First Colony Life Insurance Company  
First Transamerica Life Insurance Company  
Florida Combined Life Insurance Company  
Forethought Life Insurance Company  
Franklin Life Insurance Company, The  
Garden State Life Insurance Company  
Group Life and Health Insurance Company  
Guarantee Life Insurance Company  
Guardian Life Insurance Company of America, The  
Hartford Life Insurance Company  
Hartford Life and Accident Insurance Company  
Home Mutual Life Insurance Company  
Horace Mann Life Insurance Company  
IDS Life Insurance Company  
Indianapolis Life Insurance Company  
Individual Assurance Company, Life, Health and Accident  
Investors Heritage Life Insurance Company  
J. C. Penney Insurance Company  
Jackson National Life Insurance Company  
Kanawha Insurance Company  
Kansas City Life Insurance Company  
Lafayette Life Insurance Company, The

Life Insurance Company of Georgia  
Life Insurance Company of Virginia, The  
Loyal American Life Insurance Company  
MII Life, Incorporated  
Massachusetts Mutual Life Insurance Company  
Merrill Lynch Life Insurance Company  
Mid-Continent Life Insurance Company  
Midland National Life Insurance Company  
Minnesota Mutual Life Insurance Company, The  
Monticello Life Insurance Company  
Monumental Life Insurance Company  
National Life Insurance Company  
National Travelers Life Company  
National Western Life Insurance Company  
New England Mutual Life Insurance Company, The  
New York Life Insurance Company  
North American Company for Life and Health of New York  
North Central Life Insurance Company  
Ohio National Life Insurance Company, The  
Ohio State Life Insurance Company, The  
Old American Insurance Company  
Old Line Life Insurance Company of America, The  
PacifiCare Life and Health Insurance Company  
Pacific Mutual Life Insurance Company  
Pan-American Life Insurance Company  
Protective Life Insurance Company  
Provident Mutual Life Insurance Company  
RGA Reinsurance Company  
Reliastar Life Insurance Company  
Rocky Mountain Life Ins  
SAFECO Life Insurance Company  
Security Life of Denver Insurance Company  
Security Mutual Life Insurance Company of New York  
Security-Connecticut Life Insurance Company  
Sentry Life Insurance Company  
Shenandoah Life Insurance Company  
Southern Farm Bureau Life Insurance Company  
Southern Financial Life  
Southwestern Life Insurance Company  
State Farm Life Insurance Company  
Sunset Life Insurance Company of America  
Teachers Insurance & Annuity Association  
Transamerica Occidental Life Insurance Company  
Travelers Insurance Company, The  
Trustmark Insurance Company (Mutual)  
USAA Life Insurance Company  
Union Security Life Insurance Company  
United Insurance Company of America  
United Presidential Life Insurance Company  
United States Life Insurance Co in the City of New York, The  
Unity Mutual Life Insurance Company  
Universal Underwriters Life Insurance Company  
Western Farm Bureau Life Insurance Company  
Western Reserve Life Assurance Company of Ohio  
Western and Southern Life Insurance Company, The  
Westfield Life Insurance Company