REBUTTAL OF MR. AFFLECK'S REPORT

BY DONNA R CLAIRE

**RE: William L. Fay, Sr. et al. v.
Aetna Life Insurance and Annuity Company et al.**

**United States District Court for the District of Massachusetts
No. 01CV 10846RGS**

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1. EXECUTIVE SUMMARY

In accordance with an engagement letter dated December 30, 2002, Donna R Claire, President of Claire Thinking, Inc., has been engaged by Day, Berry & Howard LLP on behalf of Aetna Life Insurance and Annuity Company (Aetna) to provide services as an expert witness in the lawsuit of William L., Fay, Sr. et al. v. Aetna Life Insurance and Annuity Company et al. One aspect of providing expert witness services was to review the report of Mr. Affleck. This report summarizes the findings regarding Mr. Affleck's report.

Briefly, the findings are:

- Mr. Affleck stated that a different policy design would have been more advantageous. There is a trade-off between high premium, high-cash value, high-commission rate policies and ones that have a larger term insurance component, which generally have lower costs, lower cash values and lower commissions.
- Mr. Affleck stated that a policy maturing at age 95 is not permanent insurance. This is untrue.
- Mr. Affleck stated that the company could change its crediting rate at any time for any reason. Under New York law this is not true.
- Mr. Affleck stated that the interest rates credited to the policyholders were artificially lowered. This is not true – the economic interest rates have declined over the period in question.
- Mr. Affleck stated that the cost of insurance charges could be increased for any reason. This is not true.

- Mr. Affleck states that the illustrations and annual reports were misleading. The illustrations clearly disclosed the both guaranteed and non-guaranteed numbers, and indicated that the non-guaranteed numbers could be changed. The illustrations and annual reports also complied with applicable regulations.
- Mr. Affleck stated that the term "planned premiums" was misleading. This is the term used for the level of premiums a person is scheduled to pay annually over the contract, and it is clearly spelled out as such in the policy.
- In his report, Mr. Affleck does not emphasize that any additional out-of-pocket premiums that are needed on the Aetna policies are due to the decline in interest rates in the economy – and that, if other life insurance policies such as a traditional participating whole life policy were sold instead, these policies would also require additional out-of-pocket premiums, due to the decreasing interest rates.

2. POLICIES PURCHASED VS WHOLE LIFE

Mr. Affleck states that the policies the Fays purchased were inappropriate. He argues that a whole life insurance policy would have been superior to the universal life policies that were actually bought. There are advantages and disadvantages to each type of insurance. However, given the Fays' desire to keep the premiums around a level that would not trigger gift tax consequences, the plan that was set up for the Fays does achieve the goals of providing a large amount of insurance for a premium that was consistent with the limitations imposed by the Gift Tax code.

Traditional Participating Whole Life Insurance:

No Guarantees Regarding Paying Only Ten Years of Premiums Out-of-Pocket

As Mr. Affleck noted in his report, traditional participating whole life insurance has premiums, which are typically a level amount due every year for the life of the policy. As Mr. Affleck also points out in his report, however, the premium charged under traditional participating whole life insurance is "a much more expensive premium, and that premium must be paid each and every year until death or maturity."[1]

[1] Mr. Affleck's report is referenced as Plaintiffs' Initial Expert Disclosure, William L. Fay, Sr., Kathleen E. Fay, Frank J. Santagelo, Trustee of the Fay Insurance Trust-1994, Plaintiffs v. Aetna Life Insurance and Annuity Company and Gary E. Pflugfelder, Defendants. C.A. No. 01-CV-10846-RGS; page 2

In Mr. Gary Pflugfelder's letter to Mr. Fay of April 30, 1990, he shows illustrations of three traditional participating whole life policies – First Colony, Phoenix Mutual and Prudential. All three had higher premiums than the Aetna policies that were eventually written on the Fays. All three also depend on dividends to limit the years that premiums would be paid out-of-pocket (the premiums would have still been due, but there would be reliance on dividends paid on the policies to accumulate to enough to pay future premiums). As noted in the illustrations, dividends are not guaranteed, and can, in fact, be at whatever level the Board of Directors of the companies set. As interest rates have decreased, the dividends paid by companies have also decreased, which would increase the number of years that out-of-pocket premiums would be due. This was pointed out in a 1996 National Association of Insurance Commissioners' (NAIC) document entitled "Multi-State Task Force Report: Prudential". This report states that "APP [Abbreviated Premium Payment] became problematic; as interest rates fell and dividends reduced, actual abbreviation points were extended."[2]

Therefore, considering that the interest rates have generally declined over the past 12 years, if the policies on the Fays had instead been traditional participating whole life insurance, it would have been quite likely that they would have had to pay more than ten premiums out-of-pocket even if the projection based on dividend scales in 1990-1991 showed that 10 payments would have been enough. Moreover, the premium payments for such a policy for the same face amount of insurance would have been much larger than those paid on the universal life policy.

[2] The Multi-State Life Insurance Task Force and Multi-State Market Conduct Examination of

Premiums versus Savings

As noted in Mr. Affleck's expert witness report, Universal Life Insurance allows flexibility of premium payments.[3] A customer could choose to pay lower premiums. If less money is being paid into a policy, there is less money being accumulated on behalf of the customer, so it is more likely that future premiums would have to be paid if, as happened, interest rates decline. The Fays chose to have policies which would provide a certain amount of insurance coverage on each of them, and include a surviving spouse option that allowed them to increase the coverage at the death of the first spouse. As Mr. Pflugfelder pointed out in his letter of April 30, 1990 to the Fays, "When you start to fiddle around with the policy and you build in some term coverage, you pull down the premiums but you lose some of the important guarantees."

One way to consider the Fays' alternatives is partly as "buy term and invest the difference". The Fays could have paid more money in the first ten years of the policy and purchased the traditional whole life insurance (which still would not have guaranteed that only ten payments would have been made). This could be compared to the stream of payments that was actually made on the Aetna policies. If the Fays had put aside the money that was the difference in the premiums that would have been owed on a traditional participating whole life policy, there would have been a substantial sum available which could be used to pay for the additional coverage under the Surviving Spouse Option rider. For example, if one assumed the Fays invested the difference in premiums from the First Colony policy[4] and the amount they actually spent on the Aetna policies, and assuming they achieved an interest rate equal to the 5 year

The Prudential Insurance Company of America; NAIC, 1996, Section D 4

[3] Plaintiffs' Initial Expert Disclosure, op. cit., page 3

Treasury rate, the Fays would have $829,334 saved up, which could be used to pay for the additional coverage under the surviving spouse term rider. Appendix A shows the chart that derives this number.

Extra Premiums May Have Had Adverse Gift Tax Consequences

It is possible that the higher premiums associated with a traditional whole life policy, as mentioned above, would have been subject to gift tax. Therefore, the net effect of purchasing the Aetna policies versus traditional whole life policies was that the gift taxes were not owed. For example, if it is assumed that the differences between what the Fays had actually paid on the Aetna policies and the amounts that would be due under a First Colony policy mentioned above would be subject to gift taxes, the equivalent amount that would have been saved should include the gift taxes otherwise payable, or $1,030,387.[5] This calculation is shown in Appendix B.

No Guarantees on Traditional Policies Regarding Dividends

With traditional level premium participating whole life insurance, there was no guarantee that the dividends paid would be enough to carry the policy after a period of time, such as ten years. In fact, there have been a number of lawsuits against insurance companies because the dividend scales also were decreased over time, so the dividends were not enough to pay future premiums.

The fact that additional premiums are due on the Fays policies could have, and likely would have been true if they had purchased traditional participating insurance as well.

[4] From Mr. Pflugfelder's April 30, 1990 letter to Mr. Fay, Bates number AE00076; assuming the rates would be doubled for a $6 million policy versus the $3 million policy illustrated.

Universal Life Insurance With a Surviving Spouse Option Rider Advantages

As Mr. Affleck points out in his expert Witness report, the Universal Life plan allows for flexible premiums. I agree that the Surviving Spouse Option rider has advantages over a pure second-to-die policy in that "the surviving spouse:

- Could out for a lesser amount of additional insurance protection than allowed for
- Could use all or part of the proceeds payable upon the first death to "infuse" additional insurance protection to be purchased
- Could bring in other funds from outside sources to help "infuse" the new insurance
- Could use part or all of those first death proceeds for any other purpose."[6]

Universal Life Is Permanent Insurance

Mr. Affleck states that using the term "permanent" is "deceptive" with regard to universal life insurance.[7] Universal life is considered "permanent insurance" in the industry. For example, a governmental website for seniors, maintained by the Social Security Administration, has the following definition "Permanent Insurance -- including whole, ordinary, universal, adjustable and variable life -- is protection that can be kept in force for as long as you live"[8]. Although described that way, to quote from Life and Health Insurance by Black and Skipper, "Much whole life insurance is priced on mortality tables that assume that all insureds die by a certain age. Age

[5] This assumes that the tax rates in IRS publication 709 would be applicable to the amount the First Colony premium was higher than the Aetna premiums paid.
[6] Plaintiffs' Initial Expert Disclosure, op. cit., page 7
[7] Plaintiffs' Initial Expert Disclosure, op. cit., page 9

100 is common…Of course, all insureds do not, in fact, die by age 100 or whatever terminal age is used, but insurance companies price as if they do. It is only fair, therefore, that the company pay the policy face amount to those few persons who live to the terminal age – as if they died."[9] With the Fays' Universal Life policies, the face amount at maturity equals the accumulated cash values.

There was therefore nothing sinister or deceptive for Mr. Pflugfelder to refer to universal life insurance as permanent insurance.

Build Up of Cash Value

Mr. Affleck states that "cash values do matter – a lot"[10]. I agree that there are tradeoffs between buying insurance with elements of term insurance and buying all level premium whole life insurance. The advantage of level premium insurance is that the premium can be level for life, while for other types of insurance, there is a possibility that the cost of the insurance will increase in the future.

However, there are some additional negative consequences to buying traditional whole life insurance. One is that the commissions on a traditional participating whole life insurance policy are typically a much larger dollar amount for the same level of coverage, so the policyholder has less of his money working for him from the start with traditional whole life insurance. Another disadvantage is that some of the policyholder's money is effectively going into a fund to pay

[8] From http://www.seniors.gov/retirementplanner/life_insurance.html

[9] Kenneth Black, Jr., and Harold D. Skipper, Jr., Life & Health Insurance , Thirteenth Edition, page 91

future premiums – and the policyholder will not see this money if he dies. For example, if a person with a $3 million term product with no cash value dies, the death benefit would be $3 million. If a person has a $3 million traditional whole life insurance with a $2 million cash value, and if a person dies, he still only get the $3 million – the cash value is not paid out in addition to the face amount. Under the Aetna policies, the Fays could have chosen Option 2, which would have paid an amount equal to the face amount of the policy plus the cash value at death - but of course this would have had a higher premium.

[10] Plaintiffs' Initial Expert Disclosure, op. cit., page 15

3. INTEREST RATES CREDITED

Mr. Affleck implies that there was something untoward with the drops in the credited rates of interest. ("I believe there is a legitimate issue regarding the pace at which Aetna decreased the credited rates."[11]) This does not appear to be the case. The rate Aetna declared on the policies on the Fays in general tracked the 5 year Treasury rate; in fact, the average rate declared on the policies on the Fays actually exceeded the rate on the 5 year Treasuries over the life of the policies by about 25 basis points. Appendix C shows the comparison of the rates credited on the policies on the Fays compared to the 5 year Treasury rates over the life of the policies.[12]

State Law Regarding Universal Life (UL) Crediting Rates

Mr. Affleck also states that Aetna had "complete discretion to drop rates down to the minimum anytime it felt like and for any reason at all".[13] Mr. Affleck is apparently unaware of the laws of New York, which limit the type of adjustments that can be made to the factors within a universal life policy. Specifically, Sections 4231(g) (1) (D) and Section 4232(b) (1) (2) and (4) establish the ground rules as to additional amounts credited after policy issuance to UL policies. These regulations were in effect at the time when the Fays policies were issued. Specifically, they require that 1) the adjustment must be made prospectively (and not retrospectively or retroactively), 2) the adjustment must be made on a basis equitable to all policyholders, 3) the adjustment must be based on criteria approved by the board of directors of the company or a committee thereof, and 3) the adjustments must be based upon reasonable assumptions as to

[11] Plaintiffs' Initial Expert Disclosure, op. cit., page 15
[12] The y year Treasury rates are from the Federal Reserve Economic Data as obtained from the Federal Reserve Bank of St. Louis website.
[13] Plaintiffs' Initial Expert Disclosure, op. cit., page 15

certain delineated factors (e.g., expenses, or mortality). An adjustment in the profit margin (or profit objective) can never result in a readjustment of rates.[14]

The interest rates declared on the policies on the Fays are reasonable in light of the declines in the interest rates in the economy. Aetna did not, and would not legally be allowed to, decrease the interest credited rates so as to increase profits.

[14] From the Office of the General Counsel of the State of New York Insurance Department; issued June 29, 2001. This opinion can be found at http://www.ins.state.ny.us/rg106295.htm

4. INCREASES IN THE COSTS OF INSURANCE

Mr. Affleck states that "Lincoln (Aetna) can raise the current cost of insurance (COI) charges up to the guaranteed levels, either because their mortality experience justifies the increase or because their accountants want more profits from the product line, or because their actuaries want to drive away (lapse) as many of these policies as possible before having to pay a death benefit on them."[15] Mr. Affleck is correct that actual mortality increases could cause the COI charges to increase -- but actual mortality has been improving by 0.5% to 1% a year on the average, so this is not likely to happen. The rest of Mr. Affleck's statement is untrue. As stated in the prior section, under Sections 4231(g) (1) (D) and Section 4232(b) (1) (2) and (4) of New York Law there are rules that limit changes allowed in UL policies.

[15] Plaintiffs' Initial Expert Disclosure, op. cit., page 17

5. ILLUSTRATIONS

Mr. Affleck states "the illustrations are confusing, incomplete and deceptive."[16] Mr. Affleck develops his own illustration format in page 29 of his expert witness report that the guaranteed charges should be part of the illustration. Mr. Affleck is apparently unaware that the form of the illustration for universal life insurance is specified in several regulations, such as Regulation 74 in New York. This requires the format used by Aetna – e.g., the premium outlay, the death benefits and the values available on surrender. Values on both the guaranteed basis and the current basis must be shown. The model NAIC Universal Life Regulation also shows similar required columns: Annual Premium, Death Benefit, Interest Rate, and Cash Surrender Value at Year End. It is interesting to note that the illustrations provided by Mr. Affleck in his expert witness report are consistent with those of the Aetna - and they do not show COIs or expense charges.

The charts and disclosures in the illustrations on the policies on the Fays were consistent with the regulations in effect at the time of issuance of these policies.

These illustrations show that based on certain assumptions as to interest rate and the time of death of the Fays, the policies could be in a position where no further out-of-pocket premium would be due. The illustrations also disclosed that performance was not guaranteed. All the Aetna illustrations also showed the values that were guaranteed based on the premium outlay for the year.

[16] Plaintiffs' Initial Expert Disclosure, op. cit., page 24

6. ANNUAL REPORTS

Mr. Affleck takes issue with the words "planned premium" as used in the annual reports, stating "I believe there are lots of problems with the "If no more than planned premiums are paid" sentence."[17] His issue is that he believes that somehow this could be misinterpreted. However, the exact same term is used in the policies, which clearly state that the "Planned Premium: XXXX (e.g., $55,000 for Mr. Fay, $65,085 for Mrs. Fay) is payable annually."[18]

These annual reports did clearly disclose that the policies were being credited with lower interest (consistent with the decline in interest rates in general). There was ample opportunity for the Fays and Mr. Santangelo to request further information.

Mr. Affleck states that Aetna's disclosure that "there may be a charge" would discourage policyholders from seeking information.[19] This was not added to discourage asking for illustrations; rather it was added by some insurance companies in response to the model Universal Life regulation, which states that all fees must be disclosed.[20] (By New York law, unless Aetna had specifically asked for an increase, the maximum charge was $5, which does not seem to be a deterrent if someone was interested in policies over $1 million.)

[17] Plaintiffs' Initial Expert Disclosure, op. cit., page 36
[18] From the policies on the Fays, e.g. Bates numbers FAY0110 and FAY 001129
[19] Plaintiffs' Initial Expert Disclosure, op. cit., page 35
[20] Universal Life Insurance Model Disclosure Regulation, NAIC October 1996, page 585-20

7. AETNA'S OFFER OF SETTLEMENT

Mr. Affleck commented that Aetna's offer of settlement is unreasonable[21]. The implication is that Aetna did not live up to its bargain. Aetna is making a good faith effort to settle this case by providing some extra-contractual guarantees, which is that the policies will remain in force and pay the death benefits if the Fays die before age 90. Based on current interest rates, I estimate that this offer would be worth $459,750.[22]

Aetna did nothing nefarious. Its policies explained how the contract provisions worked. The reason that the illustrated values, which were clearly disclosed as not guaranteed, did not work as expected is because the economic interest rates decreased. If the policies on the Fays had instead been the whole life policies Mr. Affleck advocates, these also would not have been able to pay only ten years and guarantee the results, and, in fact would also have required further premiums in order to stay in effect. Indeed, Mr. Affleck states: "Most companies have decreased their interest rates during this same time frame in an effort to reflect declining returns in the investment portfolios...There is no dispute from this corner about the direction that credited interest rates had taken during this time frame. I served on Connecticut Mutual's Interest Rate Review Committee for most of this time frame, and can remember agonizing decisions having to be made as we watched bonds being called, privately placed mortgages going sour, and even interest rates on policy loans decreasing as well". [23]

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[21] Plaintiffs' Initial Expert Disclosure, op. cit., page 40

[22] This was calculated using the cash values currently in the policies on the Fays. The amount added was that to provide insurance coverage based on current credited rates in the policy until age 90.

Mr. Affleck comments on the increasing cost of insurance as people age. This is a true statement, since, as people age, the likelihood that they will die will increase. As mentioned in Section 2 of this report, if the policies on the Fays had been traditional level premium whole life, there would have been more money that needed to be laid out in the earlier years in order to save up money to pay the expected death benefits for older ages.

In terms of life insurance, the longer one lives, the greater the total dollars one would pay for insurance. For example, if the Fays had died in the first year of their policies, their beneficiaries would have received $6 million in death benefits – after paying only a bit over $100,000 in premiums. They difference between the $6 million received and the $100,000 paid does not appear by magic – the company must make it up on future premiums from policyholders who are still paying, and interest on that money.

On the average, companies do not collect more on universal life policies than on traditional whole life policies. Indeed, if both the universal life policies and the traditional whole policies went down to the guaranteed rates due to continuing low interest rates, whole life insurance policies on the Fays would cost slightly more in order to cover the required nonforfeiture benefits under the whole life policy.

[23] Plaintiffs' Initial Expert Disclosure, op. cit., page 15

8. DAMAGE CALCULATION

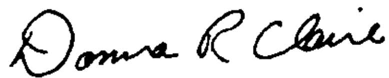
Mr. Affleck states that the damages should be based on "determining the cost of guaranteeing true-second-to-die coverage on both Mr. and Mrs. Fay until age 100 and beyond."[24] I disagree.

I am told by Counsel for Aetna that the purpose of damages is to place the injured party in the position that party would have been in had the alleged legal wrongdoing not occurred. Mr. Affleck's report indicates that this wrongdoing was that Fays should have been told that they needed to pay higher premiums from the inception of the policy.[25] These higher premiums and the interest that would have been paid thereon are not damages because the Fays kept the money and had the opportunity to earn interest on it. However, if the Fays' trustee had paid more money each year, the amount at risk on which a cost of insurance charge would have been calculated would have been lower. Therefore, if Mr. Affleck is right and there is a legal wrong, the total damages would be the additional cost of insurance that had been paid because of Mr. Pflugfelder's failure to tell them to pay a higher premium. I calculate this additional cost to be $128,462.[26]

[24] Plaintiffs' Initial Expert Disclosure, op. cit., page 43
[25] Plaintiffs' Initial Expert Disclosure, op. cit., page 44. The exact quote is that "He failed to advise the Fays and the trustee of the vital need to increase the amount of premiums being paid."
[26] This calculation was done comparing the actual dollars of COIs charged to the policies versus what the COIs would have been had the premiums on the Fays been 40% higher than those actually paid.

9. CONCLUSION

I believe there are a number of places where Mr. Affleck's report is not consistent with the laws and regulations that would have governed the policies. Aetna and Lincoln did, and are, complying with the laws and regulations applicable to this business.



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Appendix A

Comparison of Premiums Paid on Fays Policy Versus What Would Have Been Paid
Aetna UL Plus Surviving Spouse Option Rider v $6 million First Colony Policy

Year	Dur.	Mr. Fay's Prem Pd	Mrs Fay's Prem Pd	Total Prems Pd	First Colony Prems	Difference	Ave 5yr Treas rates	Diff Accum at 5yrT rates
1990				111,967	167,916	55,949	8.25	60,565
1991	1	55,000	145,000	200,000	167,916	-32,084	7.51	30,620
1992	2	55,000	45,000	100,000	167,916	67,916	6.28	104,724
1993	3	55,000	65,085	120,085	167,916	47,831	5.21	160,503
1994	4	55,000	65,085	120,085	167,916	47,831	6.80	222,501
1995	5	55,000	65,085	120,085	167,916	47,831	6.49	287,876
1996	6	55,000	65,085	120,085	167,916	47,831	6.27	356,756
1997	7	55,000	65,085	120,085	167,916	47,831	6.32	430,157
1998	8	55,000	65,085	120,085	167,916	47,831	5.20	502,843
1999	9	55,000	65,085	120,085	167,916	47,831	5.61	581,567
2000	10	55,000	65,085	120,085	167,916	47,831	6.25	668,735
2001	11	55,000	65,085	120,085	167,916	47,831	4.60	749,528
2002	12	55,000	65,085	120,085	167,916	47,831	4.01	829,334

Note: Assumes that cost equals double the $6 million of coverage in illustration of 4/30/90
Also assumes that First Colony policy would require at least 12 years of premiums

Appendix B

**Comparison of Premiums Paid on Fays Policy Versus What Would Have Been Paid
Aetna UL Plus Surviving Spouse Option Rider v $6 million First Colony Policy
Assuming Gift Tax Would be Owed Above the Amt Pd to Aetna**

Year	Dur.	Total Aetna Prems Pd	First Colony Prems	Difference	Gift Tax	Amt Incl. Gift Tax	Ave 5yr Treas rates	Diff Accum at 5yrT rates
1990		111,967	167,916	55,949	17,147	73,096	8.25	79,126
1991	1	200,000	167,916	-32,084		-32,084	7.51	50,575
1992	2	100,000	167,916	67,916	15,058	82,974	6.28	141,936
1993	3	120,085	167,916	47,831	10,079	57,910	5.21	210,258
1994	4	120,085	167,916	47,831	10,079	57,910	6.80	286,404
1995	5	120,085	167,916	47,831	10,079	57,910	6.49	366,660
1996	6	120,085	167,916	47,831	10,079	57,910	6.27	451,190
1997	7	120,085	167,916	47,831	10,079	57,910	6.32	541,275
1998	8	120,085	167,916	47,831	10,079	57,910	5.20	630,343
1999	9	120,085	167,916	47,831	10,079	57,910	5.61	726,864
2000	10	120,085	167,916	47,831	10,079	57,910	6.25	833,822
2001	11	120,085	167,916	47,831	10,079	57,910	4.60	932,752
2002	12	120,085	167,916	47,831	10,079	57,910	4.01	1,030,387

Note: Assumes that cost equals double the $6 million of coverage in illustration of 4/30/90
Also assumes that First Colony policy would require at least 12 years of premiums
Assumes that gift taxes would be pd based on 1997 Gift Tax rates*

*Rates from IRS Instructions to Form 709

APPENDIX C

Comparison of Credited Rates versus 5 Year Treasury Rates

	Aetna Rates	5 yr Treas	Diff
Dec-91	8.00	6.19	1.81
Jan-92	7.75	6.24	1.51
Feb-92	7.50	6.58	0.92
Mar-92	7.50	6.95	0.55
Apr-92	7.50	6.78	0.72
May-92	7.50	6.69	0.81
Jun-92	7.50	6.48	1.02
Jul-92	7.50	5.84	1.66
Aug-92	7.50	5.60	1.90
Sep-92	7.00	5.38	1.62
Oct-92	6.75	5.60	1.15
Nov-92	6.75	6.04	0.71
Dec-92	6.75	6.08	0.67
Jan-93	6.75	5.83	0.92
Feb-93	6.40	5.43	0.97
Mar-93	6.40	5.19	1.21
Apr-93	5.90	5.13	0.77
May-93	5.90	5.20	0.70
Jun-93	5.90	5.22	0.68
Jul-93	5.90	5.09	0.81
Aug-93	5.90	5.03	0.87
Sep-93	5.90	4.73	1.17
Oct-93	5.90	4.71	1.19
Nov-93	5.40	5.06	0.34
Dec-93	5.40	5.15	0.25
Jan-94	5.40	5.09	0.31
Feb-94	5.25	5.40	-0.15
Mar-94	5.25	5.94	-0.69
Apr-94	5.75	6.52	-0.77
May-94	6.00	6.78	-0.78
Jun-94	6.25	6.70	-0.45
Jul-94	6.25	6.91	-0.66
Aug-94	6.25	6.88	-0.63
Sep-94	6.25	7.08	-0.83
Oct-94	6.25	7.40	-1.15
Nov-94	6.50	7.72	-1.22
Dec-94	6.50	7.78	-1.28
Jan-95	6.50	7.76	-1.26
Feb-95	6.50	7.37	-0.87
Mar-95	6.50	7.05	-0.55
Apr-95	6.25	6.86	-0.61
May-95	6.25	6.41	-0.16
Jun-95	5.85	5.93	-0.08
Jul-95	5.85	6.01	-0.16
Aug-95	5.50	6.24	-0.74

	Aetna Rates	5 yr Treas	Diff
Sep-95	5.50	6.00	-0.50
Oct-95	5.50	5.86	-0.36
Nov-95	5.50	5.69	-0.19
Dec-95	5.50	5.51	-0.01
Jan-96	5.00	5.36	-0.36
Feb-96	5.00	5.38	-0.38
Mar-96	5.00	5.97	-0.97
Apr-96	5.50	6.30	-0.80
May-96	5.50	6.48	-0.98
Jun-96	5.75	6.69	-0.94
Jul-96	6.00	6.64	-0.64
Aug-96	6.00	6.39	-0.39
Sep-96	6.00	6.60	-0.60
Oct-96	6.00	6.27	-0.27
Nov-96	5.90	5.97	-0.07
Dec-96	5.75	6.07	-0.32
Jan-97	5.75	6.33	-0.58
Feb-97	5.75	6.20	-0.45
Mar-97	5.75	6.54	-0.79
Apr-97	5.75	6.76	-1.01
May-97	6.00	6.57	-0.57
Jun-97	6.00	6.38	-0.38
Jul-97	6.00	6.12	-0.12
Aug-97	6.00	6.16	-0.16
Sep-97	6.00	6.11	-0.11
Oct-97	6.00	5.93	0.07
Nov-97	6.25	5.80	0.45
Dec-97	6.25	5.77	0.48
Jan-98	6.25	5.42	0.83
Feb-98	6.25	5.49	0.76
Mar-98	6.25	5.61	0.64
Apr-98	6.25	5.61	0.64
May-98	5.75	5.63	0.12
Jun-98	5.75	5.52	0.23
Jul-98	5.75	5.46	0.29
Aug-98	5.25	5.27	-0.02
Sep-98	5.00	4.62	0.38
Oct-98	4.75	4.18	0.57
Nov-98	4.50	4.54	-0.04
Dec-98	4.50	4.45	0.05
Jan-99	4.50	4.60	-0.10
Feb-99	4.50	4.91	-0.41
Mar-99	4.50	5.14	-0.64
Apr-99	5.25	5.08	0.17
May-99	5.25	5.44	-0.19

	Aetna Rates	5 yr Treas	Diff
Jun-99	5.25	5.81	-0.56
Jul-99	5.25	5.68	-0.43
Aug-99	5.50	5.84	-0.34
Sep-99	5.50	5.80	-0.30
Oct-99	5.40	6.03	-0.63
Nov-99	5.40	5.97	-0.57
Dec-99	5.40	6.19	-0.79
Jan-00	5.40	6.58	-1.18
Feb-00	5.40	6.68	-1.28
Mar-00	5.40	6.50	-1.10
Apr-00	5.40	6.26	-0.86
May-00	5.40	6.69	-1.29
Jun-00	5.40	6.30	-0.90
Jul-00	5.40	6.18	-0.78
Aug-00	5.40	6.06	-0.66
Sep-00	5.40	5.93	-0.53
Oct-00	5.40	5.78	-0.38
Nov-00	5.40	5.70	-0.30
Dec-00	5.40	5.17	0.23
Jan-01	5.40	4.86	0.54
Feb-01	5.40	4.89	0.51
Mar-01	5.40	4.64	0.76
Apr-01	5.40	4.76	0.64
May-01	5.40	4.93	0.47
Jun-01	5.40	4.81	0.59
Jul-01	5.40	4.76	0.64
Aug-01	5.40	4.57	0.83
Sep-01	5.40	4.12	1.28
Oct-01	5.40	3.91	1.49
Nov-01	5.40	3.97	1.43
Dec-01	5.40	4.39	1.01
Jan-02	5.40	4.34	1.06
Feb-02	5.40	4.30	1.10
Mar-02	5.40	4.74	0.66
Apr-02	5.40	4.65	0.75
May-02	5.40	4.49	0.91
Jun-02	5.40	4.19	1.21
Jul-02	5.40	3.81	1.59
Aug-02	5.20	3.29	1.91
Sep-02	5.20	2.94	2.26
Oct-02	5.20	2.95	2.25
Nov-02	5.20	3.05	2.15
Dec-02	5.20	3.03	2.17