

REPORT OF MARKET CONDUCT EXAMINATION

AMERICO FINANCIAL LIFE AND ANNUITY INSURANCE COMPANY

300 WEST 11th ST

KANSAS CITY, MO 64105

NAIC NUMBER 61999

AS OF

MARCH 30, 2005

BY

KANSAS INSURANCE DEPARTMENT

Honorable Sandy Praeger
Insurance Commissioner
Kansas Insurance Department
420 SW Ninth Street
Topeka, KS 66612

Dear Commissioner Praeger:

In accordance with your respective authorization, and pursuant to K.S.A. 40-222, a market conduct examination has been conducted on the business affairs of:

Americo Financial Life and Annuity Insurance Company
300 West 11th St.
Kansas City, Mo 64105
NAIC # 61999

hereafter referred to as “Americo” or “the Company”, and the following report as such examination is respectfully submitted.

Lyle Behrens, CPCU, CIE, ARM
Market Conduct Supervisor
Examiner in Charge

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EXECUTIVE SUMMARY

The Kansas Insurance Department (KID) performed a targeted market conduct examination of Americo. KID contracted with Lewis & Ellis, Inc., Actuaries & Consultants (L&E), to review the Peak Performer Equity Indexed Annuity program offered by Americo.

The scope of the review was to verify policy value calculations, compliance with the valuation statutes in the state of Kansas and determine if proper procedures and controls are in place to administer the Peak Performer in Kansas. L&E verified specific policy value calculations including account value, cash surrender value, guaranteed minimum value and minimum death benefits.

To accomplish this, L&E selected a sample (as of 3/31/2005) of Peak Performer policies issued in Kansas. L&E also conducted a series of meetings with members of the Americo staff to verify that the company had the proper procedures and controls in place to administer the Peak Performer program.

From its review, L&E concluded:

1. Correct index values are being used in determining the policy values.
2. Errors in reported account values did exist for all policies where complaints had previously been filed, but such errors had been corrected and current account values for all such policies are now correctly stated.
3. The terminated policies reviewed, received the correct termination value.
4. Errors in account values previously reported were due primarily to incorrect index values used in the account value calculation. These errors have been corrected and all policies checked now use the correct index values.

In summary, L&E did not identify any continuing errors for the examined block of policies. All previous errors that had been noted in prior complaints have been corrected and current procedures produce correct values.

REPORT FOR THE STATE OF KANSAS

REVIEW OF

AMERICO FINANCIAL LIFE AND ANNUITY INSURANCE

COMPANY'S PEAK PERFORMER

EQUITY INDEXED ANNUITY CONTRACT

(REQUEST FOR PROPOSAL FOR

ACTUARY SERVICES -- RFP #08080)

Prepared by

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August 9, 2005

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I. INTRODUCTION

Lewis & Ellis, Inc. (L&E) contracted with the Kansas Insurance Department to perform the following work regarding Americo Financial Life and Annuity Insurance Company's (Americo) Peak Performer Equity Indexed Annuity contract:

- 1) Verify policy value calculations
- 2) Verify compliance with the valuation statutes in the state of Kansas
- 3) Determine if proper procedures and controls are in place to administer the Peak Performer in Kansas

II. POLICY VALUES

L&E verified specific policy value calculations including account value, cash surrender value, guaranteed minimum value and minimum death benefits.

To accomplish this, L&E selected a statistically significant random sample of Peak Performer policies issued in Kansas. As of 3/31/2005, 89 Peak Performer policies had been issued in Kansas. Of these policies, 31 had terminated while 58 were still active. L&E selected a sample of 41 policies (20 terminated and 21 active) to review in detail. These 41 policies represent 71% of the total fund value (active and terminated) as of 3/31/2005.

Our review of the policy detail, led us to the following conclusions:

1. Correct index values are being used in determining the policy values.
2. Errors in reported account values did exist for all policies where complaints had previously been filed, but such errors had been corrected and current account values for all such policies are now correctly stated.
3. All 20 of the terminated policies reviewed, received the correct termination value.
4. Errors in account values previously reported were due primarily to incorrect index values used in the account value calculation. These errors have been corrected and all policies checked now use the correct index values.

In summary, we did not identify any continuing errors for the examined block of policies. All previous errors that had been noted in prior complaints have been corrected and current procedures produce correct values.

III. VALUATION

L&E verified compliance with the valuation statutes in the state of Kansas with respect to Americo's Peak Performer contract.

Actuarial Guideline XXXV specifies the appropriate computational methods deemed to be consistent with CARVM depending on whether or not specific "Hedged as Required"

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criteria are met. If the criteria are met, the Type 1 method is used. Otherwise, one of the Type 2 methods should be followed. The Peak Performer does not meet the “Hedged as Required” criteria; therefore, one of the Type 2 methods is used.

Specifically, Americo utilizes the Commissioners Annuity Reserve Method with Updated Market Values (CARVM-UMV). Using the CARVM-UMV method, requires valuation assumptions to be made in valuing the options. These valuation assumptions include the risk free rate, dividend yield and volatility assumptions.

L&E reviewed valuation detail for a single Peak Performer policy in order to validate systems compliance with valuation standards and to examine valuation assumptions in light of current market conditions. Upon reviewing the detail, L&E raised some questions with Americo regarding the calculations and noted that average projected index value in the first year appeared to be high. The impact of this was to produce reserves that were in excess of those required by valuation law. Shortly after submitting our questions to Americo, L&E was notified that a systems error existed in the valuation system leased from a third party vendor which impacted how the index history between the last sweep date and the valuation date was determined. Following a systems correction for this error, L&E received revised valuation detail. Upon reviewing the revised detail, L&E raised additional questions which were sufficiently addressed by the Company. Appendix A shows a summary of our review of the valuation detail.

In summary, our review of the application of the CARVM-UMV method showed compliance with Actuarial Guideline XXXV and that appropriate valuation assumptions are being used, for the current environment, in valuing the specific options backing the Peak Performer.

IV. PROCEDURES AND CONTROLS

L&E determined if Americo has proper procedures and controls in place to administer the Peak Performer in Kansas. To make this determination, L&E conducted an on-site visit at Americo. The on-site visit included interviews with the Company’s key personnel for the Peak Performer product. Appendix B shows a summary of the key personnel interviewed and the topics discussed.

We were asked to determine if sufficient customer service personnel are trained to answer both agent and customer questions on the Peak Performer. Americo has five specific customer service representatives who are assigned to handle any Peak Performer calls. These individuals have completed several phases of training: general life insurance knowledge (LOMA), processing-type training focusing specifically on Americo’s administration procedures, systems training, training on how to handle customer calls, and specific product training when a new product is introduced. In addition, on-going training is provided (at least every other quarter) specifically geared towards quarterly statements. This on-going training is a refresher course to make sure representatives are prepared to answer questions regarding the most recent quarterly statements.

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All customer service representatives interviewed displayed adequate knowledge of the key features of the Peak Performer product. Each individual easily responded to all questions asked and was able to explain all important items shown in the Peak Performer contract and sample quarterly statement.

L&E was also asked to determine if proper procedures exist to ensure that appropriate index values are entered into the computer system. When the Peak Performer was first issued, there were limited written procedures in place. The procedures have become more formalized over time because of the problems that have arisen. Initially, index values were pulled from the Wall Street Journal (WSJ) website because Standard & Poors (S&P) did not have a website that displayed index values. On the WSJ website, the index values would change (days or weeks later) resulting in incorrect index values for Peak Performer policies. These incorrect index values are the cause of the majority of the problems for the Peak Performer. Americo came to recognize that the WSJ website was not a reliable source for index values.

Since that time, S&P has developed its own website which displays reliable index values. Americo has also developed thorough procedures to ensure that correct index values are entered onto the system each day. These procedures were put into place about a year and a half ago and the last update to the formal written procedures was done in June 2004. Below is a summary of procedures:

1. An Americo employee enters the values onto the system each evening. The values are pulled from the S&P website.
2. If this employee is unavailable, another Americo employee is the first back-up who completes the task. There is also a second back-up but this person has never been needed.
3. Each day, around noon, a third employee double-checks the values entered onto the system the previous evening against the values posted on the S&P website.
4. On the 25th of each month, a fourth employee, triple-checks the values entered onto the system the previous month against the values on the S&P website as well as all past historical indices since Americo began issuing equity indexed policies.
5. Note: L&E was also provided with and reviewed written "recovery procedures" which are used to correct index values if an error is discovered.

Since the S&P website has been up and running, Americo has not had any problems with incorrect index values. L&E believes that all previous problems have been resolved and proper procedures are now in place to ensure correct index values are entered into the system.

In addition to the on-site visit, L&E reviewed company complaints from Kansas consumers on Peak Performer policies to determine if the company had resolved all consumer complaints and made any needed account value corrections. In total, we reviewed the accounts of 21 consumers. In each case, we determined that Americo has made the appropriate corrections and resolved the issues.

Finally, L&E confirmed that Peak Performer policy statements for 6/30/2005 were mailed out by 7/15/2005 which meets the policy provisions and statutory law.

V. SUMMARY

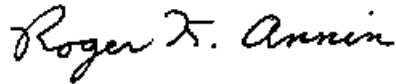
Our evaluation showed that all errors previously identified in the administration of Peak Performer policies have been corrected by the Company. Historical account values have been correctly restated where errors were identified. Further, current administrative procedures have been refined to avoid future problems under this contract. Documentation has been established for all procedures and dedicated task personnel are in place to provide continuity in service.

Valuation systems are working properly and we were able to replicate reserves and validate compliance with valuation principals. Reserves, as held, met or exceeded all minimum standards.

The asset portfolio was not examined in great detail, but the type and nature of investments conform to what we might expect for this product. L&E did not review specific assets for quality, but the duration and composition of the portfolio, including appropriate derivative investments, was consistent with our expectations. A summary of the asset portfolio can be found in Appendix C.

L&E does not have any recommendations for improvements to administration or systems used by Amerigo for this product. While we were able to replicate past errors, current data is correct and changes have been made to resolve any past problems encountered under this product.

Respectfully Submitted,



Roger K. Annin, FSA, MAAA
Senior Vice President & Principal
Lewis & Ellis, Inc.

Appendix A

Summary of Valuation Detail Review

Computational methods can be classified as Type 1 or Type 2. The Type 2 method was chosen, since the applicable “Hedged as Required” criteria of Type 1 is not met. The CARVM-UMV(updated market value) method was then chosen in calculating the reserves for these policies. This method uses the value of a call option that hedges the floor of the benefit, which is the difference between the specific benefit available at any point in time & the guaranteed floor of that benefit. An Asian Option was used for this purpose, which has payoffs that depend on the average price of the underlying asset during the life of the option. This is an appropriate option to use since a 12-month average of the S&P 500 index is utilized in calculating the fund values for a Peak Performer policy. The Black-Scholes option pricing method is utilized in calculating the price of this option over time. In order to use the Black Scholes method, values need to be assumed for the volatility, risk free rate, & dividend yield. The assumptions used for these inputs are reasonable, and are as follows:

14.8%	Volatility Rate
2.9%	Risk Free Rate
1.7%	Dividend Rate

The market value of each call option is projected forward at the appropriate valuation interest rate to the expiry date. Then the guaranteed benefits are determined by adding the guaranteed floor to the market value of the call option. A CARVM calculation is then performed, which complies with Actuarial Guideline 33.

In checking the audit detail for one of the policies, the reserve seemed more than sufficient. The process and all of the assumptions utilized in calculating the reserve for this policy seemed reasonable.

#D 35 AAA244 2003 44 Female 0

06/07/2005

CARVM AUDIT FILE

09:48:34 AM

STATUTORY RESERVE ASSUMPTIONS

COMPANY CODE: 35
 PLAN CODE: AAA244
 MASTER PLAN CODE: AAA244
 MASTER PLAN DESC.: Peak Performer EIA Single Premium
 POLICY NUMBER:
 ISSUE AGE: 44
 ATTAINED AGE: 45
 SEX: Female

ISSUE DATE: 01/14/2003
 FUND VALUE DATE: 12/31/2004
 VALUATION DATE: 12/31/2004
 VALUATION DAYS SINCE ISSUE: 716
 CURRENT DURATION: 2
 NEXT ANN. DATE: 01/14/2005
 NEXT ANN. DAYS SINCE ISSUE: 730
 VALUATION BASIS: ISSUE YEAR
 RESERVE METHOD: CARVM UMV

Proportion of current policy year remaining as of valuation date = 0.03836
 Amount of total plan gross premium as of valuation date = 37287.00
 Total amount of partial withdrawals since issue = 0.00
 Total initial fund listed on extract = 38791.53
 Total initial surrender value listed on extract = 35649.41

Amount of partial withdrawals since anniversary prior to valuation = 0.00
 Free partial withdrawals are equal to a percent of fund value.
 Free partial withdrawals are first allowed in policy year 2.
 Only one free partial withdrawal transaction allowed for each policy year.

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 | BUCKET FUND VALUES AS OF VALUATION DATE |
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FUND CODE	RECEIPT DATE	BASE AMOUNT	GUAR MINIMUM AMOUNT	PREVIOUS SWEEP DATE	PREVIOUS INDEX VALUE	PARTIC RATES	EARNINGS SPREAD	EARNINGS CAP	EARNINGS FLOOR	PARTIC THRESHLD	ISSUE INDEX VALUE
061	01/14/2003	38791.53	35561.73	01/14/2004	1130.52	100.000%	3.000%	999.880%	0.000%	0.000%	0.00
Totals:		38791.53									

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 | EQUITY INDEXED ASSUMPTIONS |
 +-----+

FUND 061

 Term period equals 8 years
 Earnings credited every 1 policy years
 Earnings calculated using RATCHET method.
 Earnings calculated by averaging the previous 12 monthly values.

Index History from last crediting date to valuation date.
 Index value as of valuation date equals 1211.92

Sweep Date 01/14/2004

 Index History from last crediting date to valuation date.

POLICY DURATION	PARTIC RATES	EARNINGS SPREAD	EARNINGS CAP	EARNINGS FLOOR	PARTIC THRESHOLD	VESTED PERCENT	RISK FREE RATES	DIVIDEND RATES	VOLATILITY RATES
2	100.0000%	3.0000%	999.8800%	0.0000%	NA	NA	2.9000%	1.7000%	14.8000%
3	100.0000%	12.0000%	999.0000%	0.0000%	NA	NA	2.9000%	1.7000%	14.8000%
4	100.0000%	12.0000%	999.0000%	0.0000%	NA	NA	2.9000%	1.7000%	14.8000%
5	100.0000%	12.0000%	999.0000%	0.0000%	NA	NA	2.9000%	1.7000%	14.8000%
6	100.0000%	12.0000%	999.0000%	0.0000%	NA	NA	2.9000%	1.7000%	14.8000%
7	100.0000%	12.0000%	999.0000%	0.0000%	NA	NA	2.9000%	1.7000%	14.8000%
8	100.0000%	12.0000%	999.0000%	0.0000%	NA	NA	2.9000%	1.7000%	14.8000%
9	100.0000%	12.0000%	999.0000%	0.0000%	NA	NA	2.9000%	1.7000%	14.8000%

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 |STATUTORY ANNUITIZATION PRESENT VALUE FACTORS|
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Values shown are the present value per \$1 of annuitization value applied.

Gtd Dur	Plan Type A	Plan Type B	Plan Type C
5	6.2500%	5.5000%	5.0000%
10	6.0000%	5.5000%	5.0000%
20	5.5000%	5.0000%	4.7500%
99	4.7500%	4.5000%	4.5000%

POL DUR	Life-A2000	10CL-A2000	15CL-A2000	20CL-A2000	JtL-A2000	Jt10CL-A2000	Jt15CL-A2000	Jt20CL-A2000	Certain>=5
2	100.000% FV	100.000% FV	100.000% FV	100.000% FV	100.000% FV	100.000% FV	100.000% FV	100.000% FV	100.000% FV
3	0.0000000000	0.0000000000	0.0000000000	0.0000000000	0.0000000000	0.0000000000	0.0000000000	0.0000000000	0.0000000000
4	0.0000000000	0.0000000000	0.0000000000	0.0000000000	0.0000000000	0.0000000000	0.0000000000	0.0000000000	0.0000000000
5	0.0000000000	0.0000000000	0.0000000000	0.0000000000	0.0000000000	0.0000000000	0.0000000000	0.0000000000	0.0000000000
6	0.5284658731	0.5288885561	0.5289893524	0.5285919769	0.5143904127	0.5143997626	0.5144078499	0.5143794652	0.7384026036
7	0.5016641809	0.5020967702	0.5021854818	0.5017429310	0.4882497331	0.4882600791	0.4882682823	0.4882335325	0.6966062298
8	0.4762660551	0.4767078208	0.4767826895	0.4762910119	0.4634879629	0.4634993504	0.4635075399	0.4634650894	0.6571756885

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 |SURVIVORSHIP RATES|
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POLICY DURATION	ATTAINED AGE	DEATH BEN MORTALITY	SURVIVOR-SHIP
2	45	0.000939	0.999964
3	46	0.001035	0.998929
4	47	0.001141	0.997789
5	48	0.001261	0.996531
6	49	0.001393	0.995143
7	50	0.001538	0.993612
8	51	0.001695	0.991928
9	52	0.001864	0.990079

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 | SURRENDER CHARGE CALCULATION |
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Surrender charges waived every 08 year(s).
 Total plan gross premium as of valuation date = 37287.00
 Total plan partial withdrawals as of valuation date = 0.00

Surrender charges are equal to a percentage of the fund value.
 Surrender charges calculated using next duration charges.

POLICY DURATION	SC FACTOR	ADJ FV	SC AMOUNT
Val Date	9.00%	34912.38	3142.11
2	9.00%	36393.62	3275.43
3	9.00%	36602.89	3294.26
4	9.00%	37159.96	3344.40
5	9.00%	38227.02	3440.43
6	9.00%	39370.17	3543.32
7	9.00%	40551.00	3649.59
8	5.00%	45315.75	0.00

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 | SURRENDER BENEFITS/INDEX PROJECTION |
 | ASSUMING NO PARTIAL WITHDRAWALS |
 +-----+

FUND 061

Sweep Date 01/14/2004

SWEEP DATE	BOP ACCT VALUE	FPW AVAIL	SC AMOUNT	CURRENT GTD MIN	GTD MIN AT ISSUE	GTD SV BFR EARN
Val Date	38791.53	3879.15	3142.11	35649.42	35561.73	35649.42
01/14/2005	38791.53	3879.15	3142.11	35649.42	35602.07	35649.42
01/14/2006	40437.36	4043.74	3275.43	37161.93	36670.13	37161.93
01/14/2007	40669.88	4066.99	3294.26	37375.62	37770.24	37770.24
01/14/2008	41288.85	4128.88	3344.40	37944.45	38903.34	38903.34
01/14/2009	42474.46	4247.45	3440.43	39034.03	40070.45	40070.45
01/14/2010	43744.63	4374.46	3543.32	40201.32	41272.56	41272.56
01/14/2011	45056.66	0.00	0.00	45056.66	42510.74	45056.66

SWEEP DATE	CAP EXERCISE PRICE	CAP OPTION VALUE	BENEFIT EXERCISE PRICE	BENEFIT OPTION VALUE	NET PROJECTED FAIR VAL.	AVERAGE PROJECTED INDEX
01/14/2005	12434.36	0.00	1164.44	47.88	1512.52	1213.79
01/14/2006	13339.58	0.00	1359.45	6.65	213.69	1388.01
01/14/2007	15254.21	0.00	1569.22	6.16	174.21	1598.68
01/14/2008	17569.44	0.00	1830.92	5.24	130.69	1860.20
01/14/2009	20443.58	0.00	2132.81	5.94	130.87	2166.45
01/14/2010	23809.25	0.00	2484.15	6.90	134.52	2523.28
01/14/2011	27730.87	0.00	2826.08	13.82	259.08	2885.45

SWEEP EOP ACCT EARN ADJ FPW SC SURRENDER FPW EXPENSE

DATE	VALUE	TO POL ANN	AVAIL	AMOUNT	FV - SC	VALUE	TAKEN	DEDUCTION
Val Date	38791.53	38791.53	3879.15	3142.11	35649.42	35649.42	0.00	0.00
01/14/2005	40437.36	40437.36	4043.74	3275.43	37161.93	37161.93	0.00	0.00
01/14/2006	40669.88	40669.88	4066.99	3294.26	37375.62	37375.62	0.00	0.00
01/14/2007	41288.85	41288.85	4128.88	3344.40	37944.45	37944.45	0.00	0.00
01/14/2008	42474.46	42474.46	4247.45	3440.43	39034.03	39034.03	0.00	0.00
01/14/2009	43744.63	43744.63	4374.46	3543.32	40201.32	40201.32	0.00	0.00
01/14/2010	45056.66	45056.66	4505.67	3649.59	41407.07	41407.07	0.00	0.00
01/14/2011	45315.75	45315.75	0.00	0.00	45315.75	45315.75	0.00	NA

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 | DEATH BENEFITS |
 | ASSUMING NO PARTIAL WITHDRAWALS |
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Death Benefit is equal to the fund value.
 Death Benefits are calculated prior to current year's partial withdrawal.

FUND 061

Valuation mortality table is 96A2000F
 Valuation interest rate used to discount benefit equals 0.06250

POLICY DURATION	FUND VALUE BEFORE PW	SV BEFORE PW	TOTAL PW AT DEATH	DEATH BENEFIT	INTEREST DISCOUNT	TOTAL EXPOSURE	PV OF BENEFIT
2	40437.36	37161.93	0.00	40437.36	0.99767737	1.00000000	1.45
3	40669.88	37375.62	0.00	40669.88	0.93899047	1.00000000	40.98
4	41288.85	37944.45	0.00	41288.85	0.88375574	1.00000000	82.57
5	42474.46	39034.03	0.00	42474.46	0.83177010	1.00000000	127.02
6	43744.63	40201.32	0.00	43744.63	0.78284245	1.00000000	174.56
7	45056.66	41407.07	0.00	45056.66	0.73679290	1.00000000	225.37
8	45315.75	45315.75	0.00	45315.75	0.69345214	1.00000000	278.29

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 | ANNUITIZATION PRESENT VALUES |
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FUND 061

POLICY DURATION	ATTAINED AGE	MAX PV W/ INT	TOTAL EXPOSURE	PV ANNTZN BENEFIT
2	45	0.00	1.00000000	0.00
3	46	0.00	1.00000000	0.00
4	47	0.00	1.00000000	0.00
5	48	0.00	1.00000000	0.00
6	49	32301.15	1.00000000	32144.26
7	50	31386.75	1.00000000	31186.26
8	51	29780.41	1.00000000	29540.02

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 | SURRENDER PRESENT VALUES |
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FUND 061

 Valuation interest rate used to discount surrender values equals 0.05000

POLICY DURATION	ATTAINED AGE	INTEREST DISCOUNT	SURRENDER VALUE	TOTAL EXPOSURE	PV SURRENDER VALUE	FREE WITH AMOUNT	PV FREE WITHDRAWAL
Val Date		1.00000000	35649.41	1.00000000	35649.41	0.00	0.00
2	45	0.99813035	37161.93	1.00000000	37091.12	0.00	0.00
3	46	0.95060033	37375.62	1.00000000	35491.22	0.00	0.00
4	47	0.90533365	37944.45	1.00000000	34276.44	0.00	0.00
5	48	0.86222252	39034.03	1.00000000	33539.27	0.00	0.00
6	49	0.82116431	40201.32	1.00000000	32851.54	0.00	0.00
7	50	0.78206124	41407.07	1.00000000	32176.02	0.00	0.00
8	51	0.74482023	45315.75	1.00000000	33479.64	0.00	0.00

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 | STATUTORY AG 33 RESERVE CALCULATIONS |
 | ASSUMING NO PARTIAL WITHDRAWALS |
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FUND 061

POLICY DURATION	ATTN AGE	PV NON-ELECT BENEFITS	PV DEATH BENEFIT	PV PARTIAL WITHDRAWALS	PV ANNTZN BENEFITS	PV TOTAL WITHDRAWAL	PV TOTAL BENEFIT	COMBINED PV TOTAL
2	45	0.00	1.45	0.00	0.00	37091.12	37092.57	37092.57
3	46	0.00	40.98	0.00	0.00	35491.22	35532.20	35532.20
4	47	0.00	82.57	0.00	0.00	34276.44	34359.01	34359.01
5	48	0.00	127.02	0.00	0.00	33539.27	33666.29	33666.29
6	49	0.00	174.56	0.00	32144.26	32851.54	33026.10	33026.10
7	50	0.00	225.37	0.00	31186.26	32176.02	32401.38	32401.38
8	51	0.00	278.29	0.00	29540.02	33479.64	33757.93	33757.93

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 | SURRENDER CHARGE CALCULATION |
 -----+-----+

Surrender charges waived every 08 year(s).
 Total plan gross premium as of valuation date = 37287.00
 Total plan partial withdrawals as of valuation date = 0.00

Surrender charges are equal to a percentage of the fund value.
 Surrender charges calculated using next duration charges.

POLICY DURATION	SC FACTOR	SC ADJ FV	SC AMOUNT
Val Date	9.00%	34912.38	3142.11
2	9.00%	36393.62	3275.43
3	9.00%	32942.60	2964.83
4	9.00%	29818.82	2683.69
5	9.00%	26991.26	2429.21
6	9.00%	24528.32	2207.55
7	9.00%	22479.39	2023.14
8	5.00%	22608.64	0.00

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| SURRENDER BENEFITS/INDEX PROJECTION |
| ASSUMING PARTIAL WITHDRAWALS       |
+-----+
    
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FUND 061

Sweep Date 01/14/2004

SWEEP DATE	BOP ACCT VALUE	FPW AVAIL	SC AMOUNT	CURRENT GTD MIN	GTD MIN AT ISSUE	GTD SV BFR EARN
Val Date	38791.53	3879.15	3142.11	35649.42	35561.73	35649.42
01/14/2005	38791.53	3879.15	3142.11	35649.42	35602.07	35649.42
01/14/2006	36393.62	3639.36	2947.88	33445.74	32505.09	33445.74
01/14/2007	32942.60	3294.26	2668.35	30274.25	29710.14	30274.25
01/14/2008	29818.82	2981.88	2415.32	27403.50	27188.85	27403.50
01/14/2009	26991.26	2699.13	2186.29	24804.97	24915.51	24915.51
01/14/2010	24528.32	2452.83	1986.79	22541.53	22855.85	22855.85
01/14/2011	22479.39	0.00	0.00	22479.39	20968.88	22479.39

SWEEP DATE	CAP EXERCISE PRICE	CAP OPTION VALUE	BENEFIT EXERCISE PRICE	BENEFIT OPTION VALUE	NET PROJECTED FAIR VAL.	PROJECTED INDEX	AVERAGE INDEX
01/14/2005	12434.36	0.00	1164.44	47.88	1512.52	1213.79	1212.40
01/14/2006	13339.58	0.00	1359.45	6.65	192.32	1388.01	1366.43
01/14/2007	15254.21	0.00	1554.57	7.60	174.08	1587.23	1562.55
01/14/2008	17443.66	0.00	1777.70	8.69	157.57	1815.05	1786.82
01/14/2009	19947.35	0.00	2040.94	9.10	130.63	2081.83	2050.50
01/14/2010	22879.34	0.00	2360.68	8.63	98.10	2403.40	2369.74
01/14/2011	26413.33	0.00	2691.80	13.16	129.26	2748.36	2705.62

SWEEP DATE	EOP ACCT VALUE	EARN ADJ TO POL ANN	FPW AVAIL	SC AMOUNT	FV - SC	SURRENDER VALUE	FPW TAKEN	EXPENSE DEDUCTION
Val Date	38791.53	38791.53	3879.15	3142.11	35649.42	35649.42	0.00	0.00
01/14/2005	40437.36	40437.36	4043.74	3275.43	37161.93	37161.93	4043.74	0.00
01/14/2006	36602.89	36602.89	3660.29	2964.83	33638.06	33638.06	3660.29	0.00
01/14/2007	33132.03	33132.03	3313.20	2683.69	30448.33	30448.33	3313.20	0.00
01/14/2008	29990.29	29990.29	2999.03	2429.21	27561.07	27561.07	2999.03	0.00
01/14/2009	27253.69	27253.69	2725.37	2207.55	25046.14	25046.14	2725.37	0.00
01/14/2010	24977.09	24977.09	2497.71	2023.14	22953.95	22953.95	2497.71	0.00
01/14/2011	22608.64	22608.64	0.00	0.00	22608.64	22608.64	0.00	NA

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| DEATH BENEFITS |
| ASSUMING PARTIAL WITHDRAWALS |
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Death Benefit is equal to the fund value.
 Death Benefits are calculated prior to current year's partial withdrawal.

FUND 061

Valuation mortality table is 96A2000F
 Valuation interest rate used to discount benefit equals 0.06250

POLICY DURATION	FUND VALUE BEFORE PW	SV BEFORE PW	TOTAL PW AT DEATH	DEATH BENEFIT	INTEREST DISCOUNT	TOTAL EXPOSURE	PV OF BENEFIT
2	40437.36	37161.93	0.00	40437.36	0.99767737	1.00000000	1.45
3	36602.89	33638.06	4043.74	36602.89	0.93899047	1.00000000	37.03
4	33132.03	30448.33	7704.02	33132.03	0.88375574	1.00000000	70.40
5	29990.29	27561.07	11017.23	29990.29	0.83177010	1.00000000	101.78
6	27253.69	25046.14	14016.26	27253.69	0.78284245	1.00000000	131.40
7	24977.09	22953.95	16741.63	24977.09	0.73679290	1.00000000	159.57
8	22608.64	22608.64	19239.33	22608.64	0.69345214	1.00000000	185.97

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 | ANNUITIZATION PRESENT VALUES |
 +-----+

FUND 061

POLICY DURATION	ATTAINED AGE	MAX PV W/ INT	TOTAL EXPOSURE	PV ANNTZN BENEFIT
2	45	0.00	1.00000000	0.00
3	46	0.00	1.00000000	0.00
4	47	0.00	1.00000000	0.00
5	48	0.00	1.00000000	0.00
6	49	18111.78	1.00000000	18023.81
7	50	15659.28	1.00000000	15559.25
8	51	14857.85	1.00000000	14737.92

+-----+
 | SURRENDER PRESENT VALUES |
 +-----+

FUND 061

Valuation interest rate used to discount surrender values equals 0.05000

POLICY DURATION	ATTAINED AGE	INTEREST DISCOUNT	SURRENDER VALUE	TOTAL EXPOSURE	PV SURR VALUE	FREE WITH AMOUNT	PV FREE WITHDRAWAL
Val Date		1.00000000	35649.41	1.00000000	35649.41	0.00	0.00
2	45	0.99813035	33118.20	1.00000000	33055.09	4043.74	4036.03
3	46	0.95060033	29977.77	1.00000000	28466.36	3660.29	7511.78
4	47	0.90533365	27135.13	1.00000000	24512.03	3313.20	10504.70
5	48	0.86222252	24562.04	1.00000000	21104.48	2999.03	13081.56
6	49	0.82116431	22320.77	1.00000000	18240.00	2725.37	15308.66
7	50	0.78206124	20456.24	1.00000000	15895.84	2497.71	17249.55
8	51	0.74482023	22608.64	1.00000000	16703.45	0.00	17249.55

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 | STATUTORY AG 33 RESERVE CALCULATIONS |
 | ASSUMING PARTIAL WITHDRAWALS |
 +-----+

FUND 061

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POLICY  ATTN PV NON-ELECT    PV DEATH    PV PARTIAL    PV ANNTZN    PV TOTAL    PV TOTAL    COMBINED
DURATION AGE  BENEFITS    BENEFIT    WITHDRAWALS  BENEFITS    WITHDRAWAL  BENEFIT    PV TOTAL
      2   45      0.00      1.45      4036.03      0.00      33055.09    37092.57    37092.57
      3   46      0.00      37.03     7511.78      0.00      28466.36    36015.16    36015.16
      4   47      0.00      70.40    10504.70      0.00      24512.03    35087.13    35087.13
      5   48      0.00     101.78   13081.56      0.00      21104.48    34287.82    34287.82
      6   49      0.00     131.40  15308.66    18023.81    18240.00    33680.06    33680.06
      7   50      0.00     159.57  17249.55    15559.25    15895.84    33304.96    33304.96
      8   51      0.00     185.97  17249.55    14737.92    16703.45    34138.97    34138.97
    
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FUND 061

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Maximum present value of benefits assuming no partial withdrawals equals 37092.57
Maximum present value of benefits assuming partial withdrawals equals      37092.57

Exhibit 5B reserve equals                                                37092.57
Surrender value as of valuation date equals                             35649.41
Exhibit 5G reserve equals                                                0.00
    
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+-----+
|STATUTORY RESERVE SUMMARY|
+-----+
    
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FUND	BASIC RESERVE	MORTALITY RESERVE	PREF RATE	PURCH FLOOR	EXHIBIT 5B RESERVE	SURRENDER VALUE	EXHIBIT 5G RESERVE
061	37092.57	0.00		0.00	37092.57	35649.41	0.00
Totals	37092.57	0.00		0.00	37092.57	35649.41	0.00

Appendix B

Overview of On-Site Visit at Americo June 22, 2005

Assistant Vice President

Job Description: Oversees the customer service department

Interview Questions/Topics:

- How is the Customer Service Department Structured? By function? By product line?
- How are customer/agent calls routed? Are routine calls handled by any rep? Or are all Peak Performer calls handled by specific reps?
- How many customer service representatives does Americo have? How many representatives are specifically assigned to the Peak Performer?
- What type of training was provided to customer service representatives? What type of training was provided on equity-indexed annuities? How about on the Peak Performer specifically?
- Is any on-going training provided?
- What tools are available to Customer Service Representatives to assist them in answering agent/customer questions effectively?

Team Leader / Senior Representatives / Professional Representatives

Job Description: Customer Service Representatives assigned to the Peak Performer

Interview Questions/Topics:

- How long have you been a customer service representative with Americo?
- What type of training have you been provided by Americo? On equity-indexed annuities? On the Peak Performer specifically?
- What are the most typical questions customers and agents ask regarding equity-indexed annuities and specifically the Peak Performer?
- Provided the customer service representative with a sample quarterly statement and asked the following:
 - Why might the amount shown on the Index and Interest Credit line be \$0.00?
 - How do you explain to the customer how the interest credited amount is calculated?
 - How do you explain how the ending index value is calculated?
 - What is the difference between the Accumulated Value and the Cash Surrender Value?
 - How is the Surrender Charge calculated?
- Provided the customer service representative with a sample contract and ask them to explain each item on the contract data page.
 - What options are available to the policyholder at the end of the initial term?
 - How is the participation rate and spread determined? How often can they be changed?

- What is the difference between the guaranteed minimum values and the accumulated value?
- How are guaranteed minimum values calculated?
- How does the “waiver of surrender charge” provision impact the Cash Surrender Value?
- Customer service representatives gave a demonstration of the administrative system for a Peak Performer policy and of the tools available at their workstation to assist in answering questions.
- Who do you talk to if a customer or agent is asking a question you cannot answer?
- If you suspect errors on the administrative system, what procedures are in place to address the problem and get it corrected?

Professional Business Analyst #1

Job Description: Primary person to input index values onto the administrative system each day

Interview Questions/Topics:

- Detailed written procedures were provided by Americo.
- Do you have a copy of the written procedures for inputting index values onto the administrative system?
- How often do you enter index values?
- What time of day do you typically enter the index values?
- Have there been any changes to these procedures since the Peak Performer was first issued? Explain any changes. When were these changes made?
- Have you trained back-up personnel? If so, how many? What type of training was done?

Professional Business Analyst #2

Job Description: First back-up person to input index values onto the administrative system when the primary person is unable to do so

Interview Questions/Topics:

- Do you have a copy of the written procedures for inputting index values onto the administrative system?
- How often do you enter the index values onto the system?
- What time of day do you enter the index values?
- Have you been trained on how to input the index values onto the administrative system? What type of training was done?
- Has the second back-up ever had to enter the index values?

Operational Compliance Reporting Analyst

Job Description: Performs daily review of index values input onto the administrative system the previous day

Interview Questions/Topics:

- Detailed written procedures were provided by Americo.
- Do you have a copy of the written procedures?
- How often do you review the index values entered onto the system?
- How often do you find errors in the index values?
- How long have you been performing this daily review?

Actuarial Analyst

Job Description: Performs a monthly review of index values input onto the administrative system

Interview Questions/Topics:

- Detailed written procedures were provided by Americo.
- Do you have a copy of the written procedures?
- How often do you review the index values entered onto the system?
- How often do you find errors in the index values?
- How long have you been performing this monthly review?

Appendix C

Asset Portfolio

Americo does not buy fixed assets and options for every single equity indexed annuity policy issued. They do segment their assets for all equity indexed policies, and break them down further into asset eras. The duration & composition of the portfolio seemed consistent with what we would expect from this type of business. A variety of derivatives are present in their asset portfolio, which is essential for asset liability management of an equity indexed annuity line of business.

EIA Allocated Assets
As of: December 31, 2004

Block	Company	Portfolio Number	CUSIP / Loan #	Security Description	Units	STAT BV	GAAP BV	PGAAP BV	TAX BV	Yield	
										PGAAP	STAT
EIA-2	AFL	210 452151LE1		Illinois State Taxable Pension	1,500,000	1,498,147	1,498,147	1,498,147	1,498,080	4.96	4.96
EIA-2	AFL	210 291641AY4		Empire District Electric Co	5,000,000	4,974,647	4,974,647	4,974,647	4,971,000	4.573	4.573
EIA-2	AFL	210 698465BJ9		Panhandle Eastern Pipeline	5,000,000	4,975,014	4,975,014	4,975,014	4,971,950	6.125	6.125
EIA-2	AFL	210 947075AA5		Weatherford Intl Inc	2,000,000	1,996,617	1,996,617	1,996,617	1,996,220	4.974	4.974
EIA-2	AFL	210 12669ENZ5		Countrywide Home Loans	5,400,000	5,466,441	5,466,441	5,466,441	5,516,142	3.905	3.905
EIA-2	AFL	210 12669ENZ5		Countrywide Home Loans	100,000	101,230	101,230	101,230	102,151	3.905	3.905
EIA-2	AFL	210 38373MKK5		GNMA	2,000,000	1,975,129	1,975,129	1,975,129	1,974,180	5.514	5.514
EIA-2	AFL	210 38374B6Q1		GNMA	5,000,000	4,289,280	4,289,280	4,289,280	4,289,594	5.991	5.991
EIA-2	AFL	210 41011WBJ8		John Hancock Glob FDG II	5,000,000	4,977,863	4,977,863	4,977,863	4,974,850	5.307	5.307
EIA-2	AFL	210 61688AAK4		Morgan JP & Co Inc	10,000,000	1,857,291	1,857,291	1,857,291	1,637,500	7.624	7.624
EIA-2	AFL	210 201723AG8		Commercial Metals	5,500,000	5,712,729	5,712,729	5,712,729	5,712,674	5.078	5.078
EIA-2	AFL	210 000780AD8		ABN AMRO Mortgage Corp	4,900,000	4,921,507	4,921,507	4,921,507	4,961,919	5.107	5.107
EIA-2	AFL	210 31392UP57		FHLMC	10,617,000	10,659,020	10,659,020	10,659,020	10,662,991	5.449	5.449
EIA-2	AFL	210 316773AD2		Fifth Third Bank	5,000,000	4,984,051	4,984,051	4,984,051	4,982,650	4.532	4.532
EIA-2	AFL	210 292505AB0		Encana Corp	5,000,000	4,985,788	4,985,788	4,985,788	4,984,100	4.79	4.79
EIA-2	AFL	210 549271AE4		Lubrizol Corp	3,000,000	3,008,734	3,008,734	3,008,734	3,008,732	5.461	5.461
EIA-2	AFL	210 549271AE4		Lubrizol Corp	2,000,000	1,987,041	1,987,041	1,987,041	1,986,780	5.587	5.587
EIA-2	AFL	210 36185NMY2		GMAC Mortgage Corp	12,352,000	12,374,288	12,374,288	12,374,288	12,539,571	4.269	4.269
EIA-2	AFL	210 097023AD7		Boeing Co	5,000,000	6,461,226	6,461,226	6,461,226	6,461,229	5.956	5.956
EIA-2	AFL	210 90333WAB4		US Bank NA	7,000,000	7,197,082	7,197,082	7,197,082	7,197,094	5.895	5.895
EIA-2	AFL	210 293791AJ8		Enterprise Products Operating	3,000,000	2,997,494	2,997,494	2,997,494	2,997,420	5.611	5.611
EIA-2	AFL	210 029717AC9		American Standard Inc	5,000,000	5,354,394	5,354,394	5,354,394	5,354,490	4.871	4.871
EIA-2	AFL	210 38373QTQ4		GNMA	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	4.918	4.918
EIA-2	AFL	210 02406PAE0		American Axle & Mfg Inc	2,000,000	1,997,529	1,997,529	1,997,529	1,997,220	5.267	5.267
EIA-2	AFL	210 86764PAC3		Sunoco Inc	2,000,000	1,998,414	1,998,414	1,998,414	1,998,360	4.885	4.885
EIA-2	AFL	210 049560AC9		Atmos Energy Corp	5,000,000	4,996,415	4,996,415	4,996,415	4,995,750	5.136	5.136
EIA-2	AFL	210 35975#AA1		Walgreens	1,509,235	1,509,235	1,509,235	1,509,235	1,509,235	8.04	8.04
EIA-2	AFL	210 590188JB5		Merrill Lynch	3,000,000	3,432,469	3,432,469	3,432,469	3,432,453	5.634	5.634
EIA-2	AFL	210 191098AF9		Coca-Cola Bottling	3,000,000	3,057,257	3,057,257	3,057,257	3,057,245	5.059	5.059
EIA-2	AFL	210 38374BQQ9		GNMA	10,000,000	9,620,316	9,620,316	9,620,316	9,592,188	5.588	5.588
EIA-2	AFL	210 001192AC7		AGL Capital Corporation	3,000,000	2,997,932	2,997,932	2,997,932	2,997,810	4.46	4.46
EIA-2	AFL	210 665228CA8		Northern Illinois Gas	4,000,000	3,981,365	3,981,365	3,981,365	3,980,720	5.841	5.841
EIA-2	AFL	210 65364TAA7		Niagara Mohawk Power	4,894,000	4,894,000	4,894,000	4,894,000	4,894,000	5.469	5.469
EIA-2	AFL	210 871928BK2		Corp Bond Backed CTF	4,000,514	4,068,059	4,068,059	4,068,059	4,068,050	6.31	6.31
EIA-2	AFL	210 29364MAD2		Energy Louisiana Inc	5,000,000	4,999,008	4,999,008	4,999,008	4,998,900	5.502	5.502
EIA-2	AFL	210 38373MKU3		GNMA	2,350,000	2,307,120	2,307,120	2,307,120	2,305,656	5.54	5.54
EIA-2	AFL	210 90130NAB9		21st Century Insurance	3,000,000	2,996,643	2,996,643	2,996,643	2,996,130	5.916	5.916
EIA-2	AFL	210 743917AH9		Prudential Insurance Co	6,000,000	7,392,253	7,392,253	7,392,253	7,392,253	6.273	6.273
EIA-2	AFL	210 097023AM7		Boeing Co	5,000,000	5,472,537	5,472,537	5,472,537	5,472,511	6.414	6.414
EIA-2	AFL	210 31393PHP2		FHR	13,854,297	13,597,388	13,597,388	13,597,388	13,577,211	5.266	5.266
EIA-2	AFL	210 88731EAF7		Time Warner	5,000,000	6,195,125	6,195,125	6,195,125	6,194,986	6.171	6.171
EIA-2	AFL	210 652478AR9		News America Holdings	5,000,000	5,859,447	5,859,447	5,859,447	5,859,420	6.2	6.2
EIA-2	AFL	210 59447#AB9		Michigan Elec Transmission Co	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	5.748	5.748
EIA-2	AFL	210 94981CAS8		Wells Fargo Mortgage	5,000,000	5,000,559	5,000,559	5,000,559	4,999,934	5.249	5.249
EIA-2	AFL	210 248019AC5		Deluxe Corp	6,000,000	6,393,598	6,393,598	6,393,598	6,393,503	4.028	4.028
EIA-2	AFL	210 125567AA5		CIT Group Inc	6,206,641	6,299,801	6,299,801	6,299,801	6,299,800	6.339	6.339
EIA-2	AFL	210 9292275D4		Washington Mutual	11,800,000	11,983,667	11,983,667	11,983,667	12,130,399	4.41	4.41
EIA-2	AFL	210 12669EMD5		Countrywide Home Loans	14,034,000	14,118,889	14,118,889	14,118,889	14,242,198	4.668	4.668
EIA-2	AFL	210 19864HAR8		Columbia University	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	7.36	7.36
					259,017,687	256,544,730					

EIA Allocated Assets
As of: December 31, 2004

Block	Company	Portfolio Number	CUSIP / Loan #	Security Description	Units	STAT BV	GAAP BV	PGAAP BV	TAX BV	Yield	Yield
										PGAAP	STAT
Mortgage Loans											
E/A-2	AFL	210	5002001000	LAIR HILL PARK APARTMENTS		1,784,205	1,784,205	1,784,205	1,784,205	6.87%	6.87%
E/A-2	AFL	210	5002020060	MALAMUD/GATEWAY CENTER		3,337,805	3,337,805	3,337,805	3,337,805	7.20%	7.20%
E/A-2	AFL	210	5002020090	SUNNY HILLS NKCL.P.		5,375,227	5,375,227	5,375,227	5,375,227	5.20%	5.20%
E/A-2	AFL	210	5002020100	BARIL FAMILY TRUST		1,822,776	1,822,776	1,822,776	1,822,776	6.40%	6.40%
E/A-2	AFL	210	5002020110	BARIL FAMILY TRUST		911,388	911,388	911,388	911,388	6.40%	6.40%
E/A-2	AFL	210	5004020000	SUGARLAND BUSINESS PRK		1,000,389	1,000,389	1,000,389	1,000,389	12.00%	12.00%
E/A-2	AFL	210	5003001000	DEERFIELD PROF PLAZA		1,781,817	1,781,817	1,781,817	1,781,817	6.33%	6.33%
E/A-2	AFL	210	5003002000	PARK WEST MEDICAL PLAZ		1,844,792	1,844,792	1,844,792	1,844,792	6.28%	6.28%
E/A-2	AFL	210	5003005000	MAIN SPRING GOLF, L.L.C.		1,556,244	1,556,244	1,556,244	1,556,244	5.94%	5.94%
E/A-2	AFL	210	5003007000	ORCHARD INVESTMENTS		2,262,890	2,262,890	2,262,890	2,262,890	6.00%	6.00%
E/A-2	AFL	210	5003008000	OAK RIDGE SQ OFFICE BLDG		2,041,518	2,041,518	2,041,518	2,041,518	4.50%	4.50%
E/A-2	AFL	210	5000000001	Eisner		46,156	46,156	46,156	46,156	0.00%	0.00%
E/A-2	AFL	210	5003011000	DEHCO-1821 BEDFORD		706,219	706,219	706,219	706,219	5.62%	5.62%
E/A-2	AFL	210	5003012000	DEHCO-1801 BEDFORD		753,300	753,300	753,300	753,300	5.62%	5.62%
						25,224,727					
Derivatives											
AFL			210	SP100CS57	S&P 500 Index Option 3/19/05 1100 Cal	50	1,498,500	1,498,500	1,498,500		
AFL			210	SP150FR50	S&P 500 Index Option 6/18/05 1150 Cal	150	3,367,125	3,367,125	3,367,125		
AFL			210	SP250FQ68	S&P 500 Index Option 6/18/05 1250 Cal	100	1,938,000	1,938,000	1,938,000		
AFL			210	SP050FS50	S&P 500 Index Option 6/18/05 1050 Cal	30	1,315,800	1,315,800	1,315,800		
AFL			210	SP150MQ56	S&P 500 Index Option 12/17/05 1150 C:	100	2,890,750	2,890,750	2,890,750		Long Options
AFL			210	SP200MP57	S&P 500 Index Option 12/17/05 1200 C:	100	2,055,000	2,055,000	2,055,000		
AFL			210	SP100MQ57	S&P 500 Index Option 12/17/05 512 Cal	200	7,648,000	7,648,000	7,648,000		
AFL			210	SP950CS58	S&P 500 Index Option 3/19/05 950 Cal	75	4,974,000	4,974,000	4,974,000		
AFL			210	SP950FR52	S&P 500 Index Option 6/15/05 950 Cal	75	5,053,500	5,053,500	5,053,500		
AFL			210	SP125FR52	S&P 500 Index Option 6/18/05 1125 Cal	200	5,490,500	5,490,500	5,490,500		
AFL			210	SP300FR59	S&P 500 Index Option 6/18/05 1300 Cal	150	439,500	439,500	439,500		Short Options
AFL			210	SP300MQ55	S&P 500 Index Option 12/18/05 1300 C:	75	627,750	627,750	627,750		
AFL			210	SPH5	S&P 500 Index Future	244	930,254	930,254	930,254		
AFL			210	EDM6	90 Day Eurodollar Future	40	(61,926)	(61,926)	(61,926)		Futures
AFL			210	EDM5	90 Day Eurodollar Future	25	47	47	47		
AFL			210	EDZ5	90 Day Eurodollar Future	45	(30,604)	(30,604)	(30,604)		
						38,136,196					
						319,905,653					

Appendix D

Statement of Work from RFP #08080

- 5.2.1 Verification of specific "Peak Performer" policy value calculations including account value, cash surrender value, guaranteed minimum value and minimum death benefits.
- (i) Select a statistically significant random sample of the Peak Performer policies issued in Kansas and verify:
 - (a) That all of the policy's financial values are being calculated correctly
 - (b) That any terminated policy received the correct termination value
 - (c) That any policy processed in error (whether terminated or active) has been corrected
 - (d) That the most recent policy owner statements were sent in a timely manner according to the policy provisions
 - (e) That the correct index values are being used in determining the policy values.
- 5.2.2 Verification of compliance with the valuation statutes in the state of Kansas with respect to the Peak Performer.
- (i) Determine if appropriate statutory reserves have been established based on the type of assets held to fund the Peak Performer.
 - (ii) Determine if Actuarial Guideline XXXV has been complied with based on the valuation computation method used (Type 1 or Type 2) and determine, if appropriate, that hedged as required criteria have been met and determine if the appropriate actuarial certifications, if needed, have been filed with the appropriate Kansas regulatory official.
 - (iii) Determine if appropriate valuation assumptions are being used in valuing the specific options backing the Peak Performer such as the risk free rate, dividend yield and volatility assumptions.
- 5.2.3 Determine if proper procedures and controls are in place to administer the Peak Performer in Kansas.
- (i) Determine if proper procedures exist to ensure that the appropriate index values are entered into the computer system after the market closes and the final index value is published.
 - (ii) If the index values are entered manually, determine if appropriate back-up procedures are in place to cover situations where the person responsible for entering the value is sick or goes on vacation.
 - (iii) Determine if sufficient customer service personnel are trained to answer both agent and customer questions on the Peak Performer.
 - (iv) Review company complaints from Kansas consumers on Peak Performer policies to determine that the company has resolved any consumer complaints and corrected their account.
 - (v) Determine if an appropriate process has been established to ensure that the proper notional amounts of options are purchased and sold based on new business being issued and terminations that occur (deaths, partial withdrawals and full surrenders).
 - (vi) Determine if Peak Performer policy statements are being sent in a timely manner according to the policy provisions and statutory law.