



Michael Monahan

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Sir David Tweedie, Chair
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH, United Kingdom

Mr. Robert H. Herz, Chair
Financial Accounting Standards Board
401 Merrit 7
Norwalk, CT 06856-5116

Re: Insurance Contracts – Acquisition costs

Dear Sir David and Bob Herz:

The American Council of Life Insurers (ACLI)¹ continues to explore various approaches regarding the accounting for acquisition costs. This letter expands on our views expressed to you in our November 13, 2009 letter and provides specific recommendations on this topic related to long-duration life insurance contracts.

In our November 13th letter we identified three possible approaches that could be viable alternatives for the recognition and measurement of acquisition costs, which were described as follows:

- 1) Record DAC as an intangible asset
- 2) Establish an Asset for Underlying Contract Value
- 3) Include Recovery of Distribution Expenses in Insurance Liability Measurement

While each approach has its advantages, we believe that the third alternative, Include Recovery of Distribution Expenses in Insurance Liability Measurement, is the most viable solution. We believe that acquisition costs should be included in the margin calibration. In other words, the measurement of insurance contract liabilities should be the net present value of expected cash inflows and outflows, with inflows including the entire gross premiums and outflows including acquisition costs, with the margin calibrated as the difference such that no gain is recognized at inception. Including the gross premium charged policyholders in the measurement is consistent with the first building block- current estimate of the expected (ie probability weighted) present value of future cash flows. Likewise, all costs related to the insurance contract should be included in the measurement.

Recommendation

During our deliberations, we noted that the insurance contract liability is an estimate that generally represents the largest balance in the financial statements of life insurance companies. The proposed building blocks model will add to the estimation process by requiring explicit margins.

To achieve the board's measurement objective, we propose the following:

¹ The American Council of Life Insurers represents more than 300 legal reserve life insurer and fraternal benefit society member companies operating in the United States. These member companies represent over 90% of the assets and premiums of the U.S. life insurance and annuity industry.

1. Include the gross premium in the set of cash flows to be included in the measurement of insurance contract liabilities
2. Include all insurance costs-acquisition and maintenance in the set of cash flows to be included in the measurement and margin calibration

Include gross premium in the measurement

When pricing an insurance product, the insurer takes into account three essential components: 1) expectation about benefits to be paid, 2) expectation about costs to be incurred over the contract life, and 3) provision for risk and uncertainty. The result is the “gross” premium charged the policyholder, aka, customer consideration.

SFAS No. 60, *Accounting and Reporting by Insurance Enterprises*, is the U.S. accounting guidance that contains the requirements for measurement and reporting for certain insurance contracts. Paragraph 10 of SFAS No. 60, states in part,

“A liability for expected costs relating to most types of long-duration contracts shall be accrued over the current and expected renewal periods of the contracts. The present value of estimated future policy benefits to be paid to or on behalf of policyholders less the present value of estimated future **net premiums** to be collected from policyholders (**liability for future policy benefits**) shall be accrued when premium revenue is recognized.”

Net premium is defined as that portion of the **gross premium** required to provide for all benefits and expenses (excluding acquisition expenses). The rationale for capitalizing acquisition costs under SFAS No. 60, we believe, is that the standard setters recognized that part of the future premiums paid by the policyholder serves to cover such costs. By amortizing acquisition costs, the result would be to match the future revenue, premiums, with those costs. Including the gross premium in the measurement of the insurance liabilities under SFAS No. 60 would result in double counting. Hence, the net premium is used as one of the inputs in measuring the liability.

Include all insurance contract costs in the measurement

We strongly believe that changing current guidance to require acquisition costs to be expensed immediately should not be made without full consideration of the effect on the measurement of the liability. Once full consideration is given to this issue, we believe you will agree that the remedy is to include the gross premium along with all related insurance contract costs in the measurement of the insurance liabilities. The following points serve as the rationale for including the recovery of acquisition costs, i.e., gross premiums, in the measurement of the insurance contract liabilities.

- It is conceptually consistent with the building blocks model that is the foundation for the measurement objective supported by both boards
- It would result in acquisition costs being expensed when incurred, which is consistent with the boards tentative decision. The offset is in the reduction of that part of the liability for insurance cost
- If acquisition costs are expensed as incurred, including gross premiums in the measurement is similar in approach to the measurement of insurance liabilities under existing GAAP literature, which uses net premiums and deferral of acquisition costs

Building blocks as the measurement attribute

At the December joint IASB/FASB meeting, the boards affirmed that the three building blocks should serve as the measurement attribute for insurance contracts. Fundamental to the measurement is that all relevant cash flows should be taken into account, which would include the premiums paid by the policyholder. The boards have also tentatively concluded that acquisition costs should be expensed when incurred. We believe that the impact from expensing acquisition costs without recognition of that part of the premium intended to cover those costs creates misleading results, i.e., loss at issue, which will impede the decision-usefulness of the information in the financial statements for its users. Including

the recovery of acquisition costs in the insurance liability measurement is consistent with both the building blocks approach and expensing acquisition costs.

Illustrations

The Appendix contains three sets of illustrations. The first set, titled SFAS No. 60 Approach, provides an example of the balance sheet and income statement illustrating the current accounting where acquisition costs are deferred and amortized over time (DAC). The second set, titled No Offset Approach, illustrates the financial statements based upon the tentative board decision to expense acquisition costs with no offset provision in the cash flows to recover acquisition costs. The third set, titled ACLI Proposed Approach, illustrates the financial statements based upon the current building blocks model whereby all relevant cash flows, including the gross premium, are included in the measurement. The objective of these illustrations is to highlight the different results in income based upon the accounting for acquisition costs in the measurement of the insurance contract liability.

In the first set, SFAS No. 60 Approach, acquisition costs are capitalized and amortized over the 10 year period of the portfolio of term contracts. At the end of the first year, the income statement would report the actual expenses incurred, acquisition, maintenance and operating expenses of \$773.3 with an offset for the change in DAC (\$628.9) representing the year-end DAC balance. In subsequent years the insurer would report in the income statement the amortization of DAC. The DAC balance is reported as an asset and the insurance liabilities, \$152.9 at the end of the first year, represents the net of the present value of future benefits **less the present value of future net premiums**. If the balance sheet were to combine the DAC balance and the insurance liability, the result would be a net asset at the end of year 1 of \$476 (\$628.9-152.9). Note too that the income statement reports the change in the insurance liabilities as a component of benefits and expenses, not an adjustment to revenue.

In the second set, No Offset Approach, acquisition costs are expensed and the measurement of the insurance liability would exclude that portion of the premium covering these costs, i.e., only the net premium would be included in the measurement. The result is an accounting loss of \$600 in the first year, which does not reflect the economics of the contract.

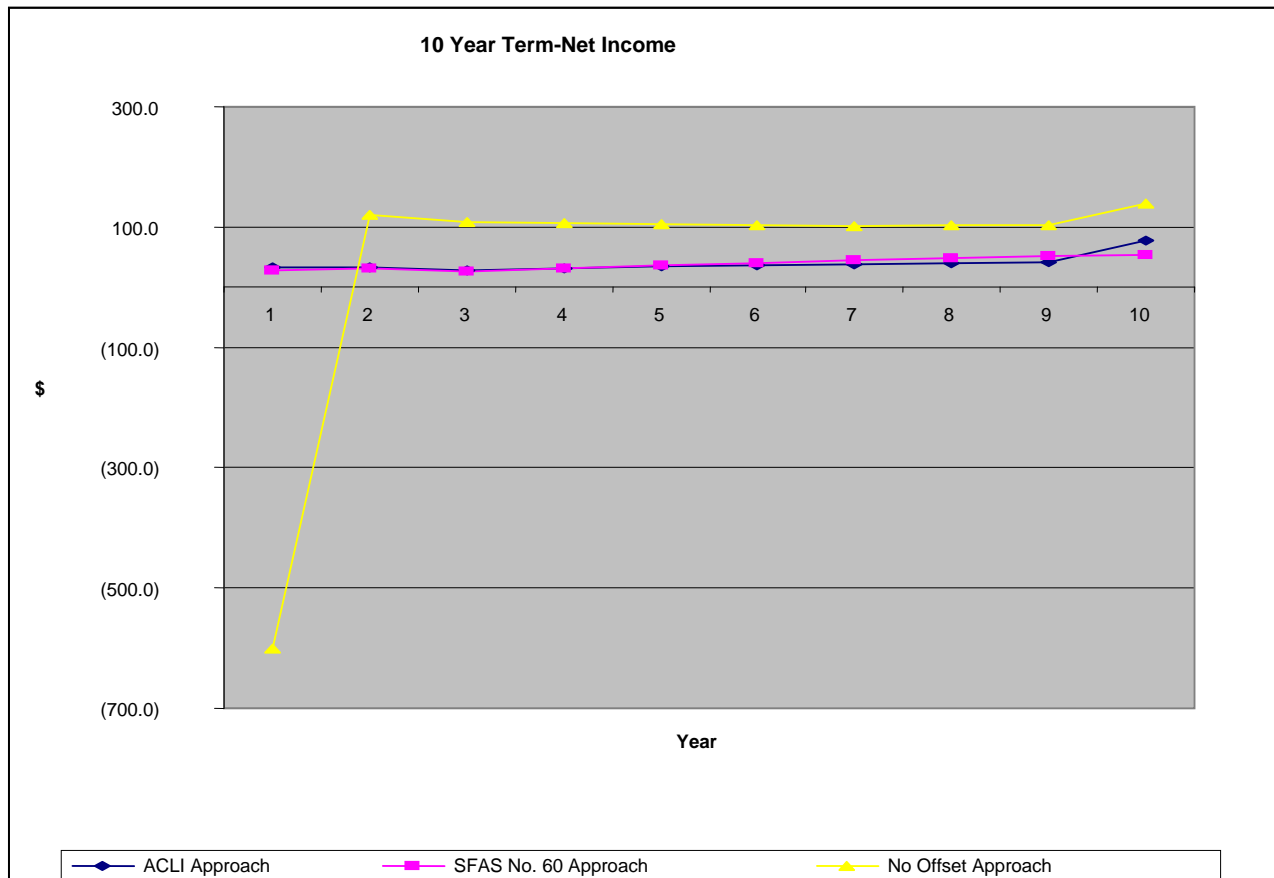
In the third set, ACLI Proposed Approach, acquisition costs are expensed as incurred with no DAC asset. The measurement of the insurance liabilities at inception would take into account all expected cash flows arising from the contract, i.e., present value of future benefits-\$1,384.3, present value of expenses-acquisition and maintenance-\$1,026.3, present value of gross premiums-(\$2,484.3) and a margin-\$73.7 such that no gain at issue would be recognized. The difference in the estimation about future benefits in the examples represents the provision for the risk of adverse deviation (PADs) reported under SFAS No. 60, which we believe becomes part of the margin under the building blocks model.

At the end of the first year under the ACLI Proposed Approach, acquisition costs and other insurance costs are expensed as incurred. The change in reserve-\$480.4, reflects the change in the net liability for the period. Noteworthy in this example is the significant drop in the present value of expenses at the end of the first year reflecting the fact that all acquisition costs have been paid while the present value of future gross premiums declined by the amount of first year premiums paid by the policyholder.

Including gross premiums in the estimate of cash flows has the potential to cause a negative liability in the early years as illustrated in the ACLI Proposed Approach when the measurement components are presented as a net liability. A net liability presentation is similar to the effect of netting DAC and insurance liability under the SFAS No. 60 approach. While we support the presentation of a net liability others may have difficulty with this approach. There are two possible solutions to address this concern. One approach would be to disaggregate the liability into its major components as displayed in the

example. Alternatively, the present value of the cash inflows, gross premiums, would be reported as an asset, which effectively would gross up the balance sheet.

Reporting the net liability measures the contract as a whole by recognizing the offsetting of related amounts under the terms of the contract. Reporting the present value of gross premiums as an asset could be viewed as similar to an intangible asset arising from an acquisition of a business. We support a net liability presentation since the amount represents the current estimate to fulfill the contractual terms.



The chart above graphically displays the net income results under the three scenarios. Expensing acquisition costs, under the No Offset Approach, without taking into account all cash flows in the measurement of the liability will have the effect of misrepresenting the financial condition of the company.

The earnings pattern between the ACLI Proposed Approach and the SFAS No. 60 Approach differs because of differences in the measurement of the liability, treatment of acquisition costs and the method of releasing PADs and margins. The end result in all three scenarios is the same with equity reflecting the beginning balance plus the accumulation of net income over the 10 year period. The margins measured at inception are those necessary so that no gain is recognized at issue. A simplified method was selected to release the margins over time. The method does not represent an ACLI view. The issue of whether margins should comprise a single composite margin or separate risk and residual margins, is beyond the scope of this paper.

Summary

To ensure that no artificial loss results at inception when acquisition costs are expensed, the gross premium and all insurance related expenses (including acquisition costs) should be taken into account

when measuring insurance contracts. If the boards decide that a net liability presentation is appropriate, a negative liability may occur in the early years for certain contracts. Disaggregating components of the liability, as illustrated in the examples, would enhance the usefulness of the financial statements and reduce the confusion of displaying a negative amount.

It is our hope that the examples and our comments could serve as the basis for discussion to help address this critical issue. We welcome the opportunity to meet with you for a detailed discussion about the insurance contracts project and specifically about acquisition costs.

Sincerely,

A handwritten signature in black ink, appearing to read "W. McGregor", written in a cursive style.

cc: Warren McGregor
Peter Clark, IASB staff
Hans van der Veen, IASB staff
Jeffrey Cropsey, FASB staff
Mark Trench, FASB staff

Appendix: Illustrations of insurance contracts

The illustrations were developed to enhance the understanding of the potential effect of changes to accounting guidance for insurance contracts as contemplated in the joint IASB/FASB insurance contracts project. While the illustrations are not intended to cover all aspects of the proposed changes, they provide a basis for discussion about the accounting for acquisition costs. The underlying block of business for the illustrations is a portfolio of 10 year term life contracts taking into account expected deaths and lapses over the contract term. The elements of the contract are:

10 year Term insurance contract

Assumptions:

Age:	45
Face Amount:	\$200,000
Annual premium	\$415.00

At inception (SFAS No. 60):

PV of future benefits including PADs	\$1,453.5
PV of expenses (acquisition & maintenance)	<u>1,026.3</u>
Total	\$2,479.8

PV of gross premiums	\$2,484.3
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Earned rate of investment portfolio	6.0%
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Discount rate in measurement of liabilities	4.5%
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Underlying accounting guidance

The starting point for the illustrations is current U.S. GAAP. Since the objective of this correspondence is to present an alternative approach for acquisition costs, using a real-life contract and applying alternative accounting approaches is viewed as superior to any hypothetical.

Under SFAS No. 60, “the liability, which represents the present value of future benefits to be paid to or on behalf of policyholders and related expenses less the present value of future net premiums (portion of **gross premium** required to provide for all benefits and expenses), shall be estimated using methods that include assumptions, such as estimates of expected investment yields, mortality, morbidity, terminations, and expenses, applicable at the time the insurance contracts are made. The liability also shall consider other assumptions relating to guaranteed contract benefits, such as coupons, annual endowments, and conversion privileges. The assumptions shall include provision for the **risk of adverse deviation (PADs).**”

Paragraph 11 of SFAS No. 60 describes acquisition costs as follows:

“Costs that vary with and are primarily related to the acquisition of insurance contracts (acquisition costs) shall be capitalized and charged to expense in proportion to premium revenue recognized. Other costs incurred during the period, such as those relating to investments, general administration, and policy **maintenance**, shall be charged to expense as incurred.”

Illustrations

The first set, SFAS No. 60 Approach, presents the financial statements, statement of financial position and statement of income, applying SFAS No. 60 accounting guidance to a portfolio of term contracts. The second set, No Offset Approach, presents the financial statements as if the insurance liabilities

were measured under the proposed building blocks approach, expensing acquisition costs with no provision in the cash flows to recover those costs. The third set, ACLI Proposed Approach, also presents the financial statements by measuring the liability using the building blocks but includes all costs and gross premiums in the measurement. Note that the explicit margins reflected in the No Offset Approach and ACLI Proposed Approach, calibrated to result in no gain at issue, is a single margin that is amortized over the contract life based upon the net amount of insurance risk in force. This approach was used to simplify the example and does not represent an ACLI position about the measurement of margins or the amortization method.

The illustrations assume that the insurer has sufficient capital (equity) at inception to meet its cash flow needs and capital requirements. Equity grows by the annual net income. The statement of financial position contains greater detail about the insurance contract liabilities and equity than typically reported in an insurer's financial statements. This is done to facilitate discussion, which is a critical component of this analysis. In addition, the details presented about the insurance liabilities reflect the effect of including **all** cash flows in the measurement, i.e., expected future benefits, expected acquisition and maintenance costs and expected gross premiums.

SFAS No. 60 Approach

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>
Assets:											
Invested assets	465.0	17.1	243.5	425.9	579.7	703.8	797.8	858.7	888.2	886.6	856.2
DAC	<u>-</u>	<u>628.9</u>	<u>542.5</u>	<u>462.6</u>	<u>387.5</u>	<u>316.9</u>	<u>250.2</u>	<u>186.2</u>	<u>123.3</u>	<u>61.3</u>	<u>0.0</u>
Total Assets	465.0	646.0	786.0	888.5	967.2	1,020.7	1,048.0	1,044.9	1,011.5	947.9	856.2
Liabilities:											
PV of future benefits		1,418.1	1,353.5	1,268.6	1,164.7	1,039.9	892.6	716.5	508.5	268.6	
PV of future net premiums		<u>(1,265.2)</u>	<u>(1,091.4)</u>	<u>(930.7)</u>	<u>(779.7)</u>	<u>(637.5)</u>	<u>(503.4)</u>	<u>(374.8)</u>	<u>(248.2)</u>	<u>(123.5)</u>	
PV of liabilities		152.9	262.1	337.9	385.0	402.4	389.2	341.7	260.3	145.1	(0.0)
Required Equity	-	8.3	18.6	25.3	29.4	30.6	29.4	26.0	20.8	13.4	-
Free Equity	<u>465.0</u>	<u>484.8</u>	<u>505.2</u>	<u>525.2</u>	<u>552.8</u>	<u>587.7</u>	<u>629.4</u>	<u>677.2</u>	<u>730.4</u>	<u>789.1</u>	<u>856.2</u>
Total Equity	<u>465.0</u>	<u>493.1</u>	<u>523.8</u>	<u>550.6</u>	<u>582.2</u>	<u>618.3</u>	<u>658.8</u>	<u>703.2</u>	<u>751.2</u>	<u>802.5</u>	<u>856.2</u>
Total Liabilities & Equity	465.0	646.0	786.0	888.5	967.2	1,020.7	1,048.0	1,044.9	1,011.5	947.6	856.2
PV of Death benefits	1,384.3	1,350.6	1,289.1	1,208.2	1,109.3	990.4	850.1	682.4	484.3	255.8	
PV of PADS	<u>69.2</u>	<u>67.5</u>	<u>64.5</u>	<u>60.4</u>	<u>55.5</u>	<u>49.5</u>	<u>42.5</u>	<u>34.1</u>	<u>24.2</u>	<u>12.8</u>	
PV of future total benefits	1,453.5	1,418.1	1,353.5	1,268.6	1,164.7	1,039.9	892.6	716.5	508.5	268.6	

SFAS No. 60

Approach

Income:	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>
Premium revenue	415.0	377.5	343.2	315.5	289.9	266.4	247.3	234.6	222.4	210.7
Investment income	<u>6.4</u>	<u>17.3</u>	<u>20.1</u>	<u>30.2</u>	<u>38.5</u>	<u>45.0</u>	<u>49.7</u>	<u>52.4</u>	<u>53.2</u>	<u>52.3</u>
Total gross income	421.4	394.8	363.3	345.6	328.4	311.4	297.0	287.0	275.6	263.0
Benefits & Expenses:										
Benefits	96.0	122.2	138.9	153.3	168.8	184.9	206.0	228.8	250.3	267.3
Expenses	773.3	46.2	42.0	38.6	35.5	32.6	30.2	28.7	27.2	25.8
Change in DAC	(628.9)	86.4	79.9	75.1	70.7	66.7	63.9	62.9	62.0	61.3
Change in reserves	<u>152.9</u>	<u>109.3</u>	<u>75.7</u>	<u>47.2</u>	<u>17.4</u>	<u>(13.1)</u>	<u>(47.5)</u>	<u>(81.4)</u>	<u>(115.2)</u>	<u>(145.1)</u>
Total benefits & expense	393.3	364.1	336.5	314.0	292.3	271.0	252.6	238.9	224.4	209.3
Net income	28.1	30.7	26.8	31.6	36.2	40.4	44.4	48.0	51.2	53.7

No Offset Approach

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>
Assets:											
Invested assets	465.0	17.1	243.5	425.9	579.7	703.9	797.9	858.7	888.2	886.2	856.2
Total Assets	465.0	17.1	243.5	425.9	579.7	703.9	797.9	858.7	888.2	886.3	856.2
Liabilities:											
PV of future benefits	1,384.3	1,350.6	1,289.1	1,208.2	1,109.3	990.4	850.1	682.4	484.3	255.8	
PV of future net premiums	(1,458.0)	(1,265.2)	(1,091.4)	(930.7)	(779.7)	(637.5)	(503.4)	(374.8)	(248.2)	(123.5)	
Margins	<u>73.7</u>	<u>67.0</u>	<u>60.9</u>	<u>55.9</u>	<u>51.4</u>	<u>47.2</u>	<u>43.8</u>	<u>41.5</u>	<u>39.4</u>	<u>37.4</u>	
PV of liabilities	0	152.4	258.6	333.4	381.0	400.1	390.5	349.1	275.5	169.7	(0.0)
Required Equity	-	8.3	18.6	25.3	29.4	30.6	29.4	26.0	20.8	13.4	-
Free Equity	<u>465.0</u>	<u>(143.6)</u>	<u>(33.7)</u>	<u>67.2</u>	<u>169.3</u>	<u>273.2</u>	<u>378.0</u>	<u>483.6</u>	<u>591.9</u>	<u>703.2</u>	<u>856.2</u>
Total Equity	<u>465.0</u>	<u>(135.3)</u>	<u>(15.1)</u>	<u>92.5</u>	<u>198.7</u>	<u>303.8</u>	<u>407.4</u>	<u>509.6</u>	<u>612.7</u>	<u>716.6</u>	<u>856.2</u>
Total Liabilities & Equity	465.0	17.1	243.5	425.9	579.7	703.9	797.9	858.7	888.2	886.3	856.2

No Offset Approach

Income:	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>
Premium revenue	415.0	377.5	343.2	315.5	289.9	266.4	247.3	234.6	222.4	210.7
Net Investment income	<u>6.4</u>	<u>17.3</u>	<u>20.1</u>	<u>30.2</u>	<u>38.5</u>	<u>45.0</u>	<u>49.7</u>	<u>52.4</u>	<u>53.2</u>	<u>52.2</u>
Total gross income	421.4	394.8	363.3	345.6	328.4	311.4	297.0	286.9	275.6	263.0
Benefits & Expenses:										
Benefits	96.0	122.2	138.9	153.3	168.8	184.9	206.0	228.8	250.3	267.3
Expenses	773.3	46.2	42.0	38.6	35.5	32.6	30.2	28.7	27.2	25.8
Change in reserves	<u>152.4</u>	<u>106.2</u>	<u>74.8</u>	<u>47.6</u>	<u>19.1</u>	<u>(9.6)</u>	<u>(41.4)</u>	<u>(73.6)</u>	<u>(105.8)</u>	<u>(169.7)</u>
Total benefits & expense	1,021.7	274.6	255.7	239.4	223.4	207.9	194.8	183.9	171.7	123.4
Net income	(600.3)	120.2	107.6	106.2	105.1	103.6	102.2	103.1	103.9	139.6

ACLI Proposed Approach

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>
Assets:											
Invested assets	465.0	17.1	243.5	425.9	579.7	703.9	797.9	858.7	888.2	886.2	856.2
Total Assets	465.0	17.1	243.5	425.9	579.7	703.9	797.9	858.7	888.2	886.3	856.2
Liabilities:											
PV of future benefits	1,384.3	1,350.6	1,289.1	1,208.2	1,109.3	990.4	850.1	682.4	484.3	255.8	
PV of expenses	1,026.3	264.4	228.1	194.5	162.9	133.2	105.2	78.3	51.8	25.8	-
PV of future gross premiums	(2,484.3)	(2,162.4)	(1,865.3)	(1,590.5)	(1,332.4)	(1,089.4)	(860.1)	(640.3)	(424.0)	(210.7)	
Margins	<u>73.7</u>	<u>67.0</u>	<u>60.9</u>	<u>55.9</u>	<u>51.4</u>	<u>47.2</u>	<u>43.8</u>	<u>41.5</u>	<u>39.4</u>	<u>37.4</u>	
PV of liabilities	0	(480.4)	(287.2)	(132.0)	(8.9)	81.4	139.0	161.9	151.5	108.2	(0.0)
Required Equity	-	8.3	18.6	25.3	29.4	30.6	29.4	26.0	20.8	13.4	-
Free Equity	<u>465.0</u>	<u>489.3</u>	<u>512.0</u>	<u>532.5</u>	<u>559.2</u>	<u>591.9</u>	<u>629.5</u>	<u>670.8</u>	<u>715.8</u>	<u>764.6</u>	<u>856.2</u>
Total Equity	<u>465.0</u>	<u>497.6</u>	<u>530.7</u>	<u>557.8</u>	<u>588.6</u>	<u>622.5</u>	<u>658.9</u>	<u>696.8</u>	<u>736.6</u>	<u>778.1</u>	<u>856.2</u>
Total Liabilities & Equity	465.0	17.1	243.5	425.9	579.7	703.9	797.9	858.7	888.2	886.3	856.2

ACLI Proposed Approach

Income:	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>
Premium revenue	415.0	377.5	343.2	315.5	289.9	266.4	247.3	234.6	222.4	210.7
Net Investment income	<u>6.4</u>	<u>17.3</u>	<u>20.1</u>	<u>30.2</u>	<u>38.5</u>	<u>45.0</u>	<u>49.7</u>	<u>52.4</u>	<u>53.2</u>	<u>52.2</u>
Total gross income	421.4	394.8	363.3	345.6	328.4	311.4	297.0	286.9	275.6	263.0
Benefits & Expenses:										
Benefits	96.0	122.2	138.9	153.3	168.8	184.9	206.0	228.8	250.3	267.3
Expenses	773.3	46.2	42.0	38.6	35.5	32.6	30.2	28.7	27.2	25.8
Change in reserves	<u>(480.4)</u>	<u>193.2</u>	<u>155.2</u>	<u>123.1</u>	<u>90.2</u>	<u>57.6</u>	<u>22.9</u>	<u>(10.4)</u>	<u>(43.4)</u>	<u>(108.2)</u>
Total benefits & expense	388.9	361.6	336.2	314.9	294.5	275.1	259.1	247.1	234.2	184.8
Net income	32.6	33.1	27.1	30.7	34.0	36.4	37.9	39.8	41.4	78.1