AGREEMENT

AGREEMENT, dated as of April 1, 1988 between The Department of Revenue Services ("DRS") and the corporations and other business organizations listed on Schedule A ("Actuarial Firms").

W I T N E S S E T H

WHEREAS, the parties hereto agree that there is a substantial question concerning whether services rendered by the Actuarial Firms to clients in Connecticut are subject to the Connecticut sales or use tax imposed by Chapter 219 of Title 12 of the Connecticut General Statutes (hereinafter the "Sales Tax"), and

WHEREAS, the parties wish to resolve these differences by entering into this agreement

NOW, THEREFORE in consideration of the promises set forth herein, the parties agree as follows:

1. For purposes of imposing the Sales Tax, the services provided by Actuarial Firms in rendering actuarial advice to their business clients shall be exempt from the Sales Tax as professional services pursuant to Section 12-412(11) of the Connecticut General Statutes and shall not be considered business analysis and management services within the meaning of Section 12-407(2)(i) of the Connecticut General Statutes.

2. For purposes of imposing the Sales Tax, services rendered by Actuarial Firms to business clients providing alternative courses of action or an analysis of certain aspects of the clients' business, which advice may utilize actuarial information, to permit the clients to make decisions involving their business operations will be considered business analysis and management services and will be subject to the Sales Tax.

3. This principle may be generally illustrated as follows:

(a) Actuarial valuations for pension and welfare plans are exempt, including the preparation of accounting data and determination of minimum and maximum contribution rates normally incident to such valuations. However, consultations with a client about alternate plan designs or alternate funding methods based upon such valuations would be taxable.

(b) Actuarial calculations as such are exempt. For example, calculations of benefit eligibility, premium levels, and costs of plan changes requested in union negotiations would be exempt. Similarly, projections of reserve requirements or of utilization of benefits based on actuarial analysis would also be exempt. Consultations with a client about alternative actions based on such calculations or projections would be taxable.

(c) Surveys of competitive practices or surveys of employee attitudes are taxable.

(d) Assistance to employers with regard to communicating compensation and benefit coverages to employees is exempt, although conducting employee surveys and assisting with pre-retirement counseling programs are taxable.

(e) Recordkeeping services for employee benefit plans are exempt except where they constitute data processing services rendered to the client. Similarly, preparation of reports or summaries for government agencies or for employee participants or testing plans for

compliance with laws and regulations are exempt. Licensing of software is taxable.

(f) Services to trust funds related to investment selection, investment strategies, and investment manager selection and performance are ordinarily taxable. In general, these are services for which registration is required as an investment adviser.

(g) Actuarial analysis of group insurance experience, or audits of welfare plan claims and utilization, or audits of claim payment operations are exempt. Actuarial analysis of premium rate levels, reserve adequacy, and retention levels is exempt. However, preparation of bid specifications, solicitation and review of insurance proposals, assistance in implementation of an insurance program, review of insurance documents, analysis of alternate arrangements proposed by insurers, negotiations with underwriters, and development of loss control programs are all taxable.

(h) Assistance with regard to compensation programs and salary administration is taxable. This would include analysis of salary, bonus, and incentive and sales compensation plans, establishment of job evaluation and management salary programs, and advice regarding employee performance evaluations.

(i) Actuarial calculations for insurance companies would normally be exempt. This would include projections of future income flows and benefit liabilities to establish the adequacy of reserves

or premium levels, determination of minimium surplus required, calculation of insurer capacity, analysis of actual mortality and morbidity experience and of trends in benefit costs and utilization and calculation of the effect of income tax legislation. However, development of financial models for forecasting, assistance in developing corporate strategies, design of systems, analysis of the feasibility of new product designs, financial cost evaluation of proposals for products, and competitive analysis of products would all be taxable.

4. Specific examples of taxable and exempt services are as follows:

EXEMPT	TAXABLE
(a.) Actuarial valuations of pension plans:	
(i) Certification of funding status required by IRS or Department of Labor and completion of required reports and disclosures.	
(ii) Calculation of amounts necessary for reporting and disclosure under various accounting rules.	(iii) Analysis of reporting and disclosure of alternatives under applicable accounting rules.

EXEMPT	TAXABLE
(iv) Preparation of accounting data required by the Financial Accounting Standards Board and its predecessors.	
(v) Determination of tax deductibility limits and calculation of minimum and maximum annual contributions.	
(vi) Performance of calculations and valuations requested by clients or required in the operation of pension plans.	(vii) Analysis of alternative assumptions or funding methods for decision-making by clients.
(viii) Calculation of costs involved in any change in a plan, whether such change is required by law or is a change initiated by the client.	

(b.) Actuarial valuations of welfare benefit plans:

(i) Certification of qualified cost and account limits as required by the Internal Revenue Service.	
(ii) Preparation of accounting data required by the Financial Accounting Standards Board and its predecessors.	[illegible] Financial Accounting Standards Board and its [illegible]
(iii) Determination of tax deductibility limits.	

EXEMPT	TAXABLE
(iv) Calculation of welfare benefit plan costs over a number of years.	(v) Analysis of alternate welfare plan designs.

(c.) Actuarial valuations related to pension plan terminations:

(i) Certifications of asset sufficiency, as required by the Internal Revenue Service and the Pension Benefit Guaranty Corporation.	
(ii) Determination of multi-employer plan liabilities and funding costs.	

(d.) Actuarial valuations for pension plans and welfare benefit plans in the case of mergers, acquisitions, sales and shutdowns:

(i) Calculations for financial statement presentation.	
	(ii) Analysis of impact on the plans.

(e.) Other actuarial and related employee benefit services:

(i) Benefit calculations required for retiring or terminating employees.	[illegible] required for retiring or terminating employees.
(ii) Calculation of the cost of plan design or funding changes required or proposed under negotiated collective bargaining agreements.	(iii) Advice to management on union negotiations.

EXEMPT	TAXABLE
(iv) Actuarial valuations needed in connection with multi-national plans.	
(v) Identification of employer objectives for benefit programs.	
(vi) Design of retirement benefit plans, welfare benefit plans, and other benefits, including programs for executives, within the statutory and regulatory requirements for such plans and the employer's objectives.	(vii) Analysis of alternate designs of retirement benefit plans, welfare benefit plans and other benefits.
	(viii) Competitive analysis of benefit provisions, including the gathering of relevant data.
(ix) Recordkeeping of participant balances for individual account plans (defined contribution plans, flexible benefit plans) and of data for pension plan accruals to permit actuarial computations required by the plans.	(x) Recordkeeping services where they constitute data processing services rendered to the client.
	(xi) License of recordkeeping systems to clients, including instructions and manuals for administration of benefit plans.

EXEMPT	TAXABLE
(xii) Calculation and collection of pension benefit amounts, individual account balances, welfare coverages and other employee information for reporting to plan participants. Preparation of individual statements of retirement and welfare benefits.	
(xiii) Preparation of summary plan descriptions as required by regulations and related communication materials.	
(xiv) Determination of compliance with various coverage limits and discrimination requirements.	(xv) Licensing of software for testing compliance.
(xvi) Establishment of rates to be charged in connection with continuation coverage for health benefits and rates for use with health maintenance organization.	
(xvii) Calculation of the value of benefit plans provided in various countries.	
(xviii) Design of coordinated benefit plans for multinational companies.	(xix) Analysis of alternate plan designs

EXEMPT	TAXABLE
(xx) Preparation of drafts of pension, welfare and other plan documents for review by clients' counsel. Other work for clients' counsel, such as review of plans and communication materials for compliance with laws and preparation of filings with government agencies.	
(f.) Communication services involving benefit plans and compensation:	
(i) Preparation of communication materials such as booklets, brochures, slide presentations and videotapes.	
	(ii) Conducting employee surveys or attitude studies regarding benefits.
	(iii) Assistance with pre-retirement counseling programs.
(iv) Audits of welfare plan claims and utilization.	
	(v) Advice and assistance on selection of benefit plan administrators.
	(vi) Services to trust funds:
	a. Development of investment objectives, policies and strategies, including optimal asset mix objectives.

EXEMPT	TAXABLE
	b. Assistance and advice on the selection of investment advisers.
	c. Solicitation, analysis and selection advice on insured investment products (such as guaranteed investment contracts, group and individual annuities).
	d. Periodic measurement of investment manager performance.
	e. Assistance in the establishment and management of funds.
(vii) Actuarial advice to attorneys in connection with pending litigation.	
(g.) Insurance benefit consulting services:	
	(i) Evaluation of the cost of various risk transfer mechanisms versus self insurance.
(ii) Design of programs in accordance with underwriting requirements.	(iii) Analysis of programs in accordance with underwriting requirements.
(iv) Establishment of reserves and premiums for self-insured plans.	

EXEMPT	TAXABLE
	(v) Assistance with insurance programs:
	a. Preparation of bid specifications.
	b. Solicitation and review of insurance proposals.
	c. Selection of insurer.
	d. Assistance in implementation of insurance program.
	e. Review of contracts, documents and certificates relating to insurance programs.
(vi) Audit of claims payment procedures of insurance programs to determine whether in accordance with actuarial principles.	(vii) Audit of claim payment procedures of insurance programs to provide management with analysis as to whether procedures could be improved.
(viii) Negotiation and assessment of financial arrangements:	
a. Actuarial analysis and review of group insurance financial experience.	
b. Assessment of premium rate levels, reserve adequacy and retention levels.	
	c. Analysis of alternative arrangements proposed by insurance carrier.

EXEMPT	TAXABLE
	d. Negotiations with underwriters, administrators or health maintenance organizations.
	(ix) Review of adequacy of benefits to avoid over funding or under funding insurance of risks.
	(x) Development of loss control programs.
(xi) Marketing of group life, accident and health insurance programs involving the sale of an insurance product.	
(h.) Compensation consulting services:	
	(i) Analysis of salary, bonus and long-term incentive compensation for management.
	(ii) Analysis of compensation for sales personnel.
	(iii) Job evaluation and salary management programs for all employees.
	(iv) Competitive analysis of pay levels, including the collection of relevant data.
	(v) Advice regarding employee performance.

EXEMPT	TAXABLE
(i.) Actuarial Valuations of Insurance Provider Reserves and Other Funds for Provision of Future Benefits:	
(i) Calculation of actuarially based assets and liabilities for financial statement preparation.	
(ii) Certification of adequacy of reserves included in financial statements.	
(iii) Projection of future income flows and benefit liabilities to establish adequacy of reserves and liabilities, adequacy of fee or premium levels, and future profitability.	
(iv) Determination of minimum surplus amount required under various actuarial assumptions.	
(v) Calculation of insurer capacity including establishment of risk retention limits.	
(j.) Actuarial Analysis of Insurance Provider Management Issues:	
	(i) Development of a financial model for corporate forecasting and planning.
	(ii) Assistance in developing corporate strategies including tax planning.

EXEMPT	TAXABLE
(iii) Performance of calculations showing the effect of current or proposed federal income tax laws.	
	(iv) Assistance to financial service intermediaries in understanding relative strengths and capacities of insurance companies.
	(v) Assistance to regulators in managing companies in rehabilitation or liquidation.
k. Actuarial Analysis of Insurance Provider Experience:	
	(i) Design of systems for ratemaking, reserving analysis, and providing actuarial statistics and information. Definition of financial information required to monitor financial experience of a company.
(ii) Analysis of actual mortality and morbidity experience, trends in benefit costs and utilization, trends in financial results and underwriting.	
(iii) Actuarial projection of future frequency and utilization of health services and facilities.	
	(iv) Development and evaluation of rating system.

EXEMPT	TAXABLE
	(v) Review of results of actuarial, administrative, and underwriting functions.
	(vi) Assistance to regulators in the analysis of the implications of revising or introducing legislation affecting insurance.

(l.) Actuarial Determination of Insurance Provider Product Costs:

(i) Determination of premium, rate or fee levels.	
(ii) Determination of dividends based on actuarial computations.	
	(iii) Analysis of the feasibility of new product designs and distribution ventures.
	(iv) Financial cost evaluation of proposals for specific products or product combinations including plan design, risk arrangements, insurer retentions, and funding methods.

(m.) Actuarial Development of Insurance Provider Products

(i) Preparation of necessary filing documents for product approvals by governmental authorities utilizing actuarial computations.	

EXEMPT	TAXABLE
	(ii) Analysis of design of products.
	(iii) Competitive analysis of products.
	(iv) Analysis of market share changes.
	(v) Assistance to insurers and others in obtaining state licenses to write business, preparing plans of operation as required by regulatory authorities, and obtaining approval of policy forms.
	(vi) Analysis of the design of reinsurance arrangements.
n. Miscellaneous	
(i) Provide expert witness testimony.	
(ii) Actuarial certification that insurance companys bid to Pension Benefit Guarantee Corporation is adequate to cover plan benefits to be assumed.	

5. This agreement shall apply to services billed by the Actuarial Firms on or after April 1, 1988. Services of the type listed in Paragraphs 1 through 4 hereof billed prior to April 1, 1988 shall not be treated as subject to the Sales Tax

for purposes of any administrative audit of any such prior periods and all audits presently pending in the DRS shall be subject to this agreement. The Actuarial Firms, if they have not already done so, shall immediately register with the DRS. This agreement shall not in anyway preclude the DRS from auditing or assessing Sales Tax against the Actuarial Firms for periods prior to April 1, 1988 or thereafter arising from the purchase of tangible personal property by the Actuarial Firms where Sales Tax would be applicable under existing law.

IN WITNESS WHEREOF the parties hereto have executed this agreement as of April 1, 1988 on separate execution pages which are attached hereto and made a part hereof.