30.

As of 12/31/03, an insurance company has a known obligation to pay $1,000,000 on 12/31/2007. To fund this liability, the company immediately purchases 4-year 5% annual coupon bonds totaling $822,703 of par value. The company anticipates reinvestment interest rates to remain constant at 5% through 12/31/07. The maturity value of the bond equals the par value.

Under the following reinvestment interest rate movement scenarios effective 1/1/2004, what best describes the insurance company's profit or (loss) as of 12/31/2007 after the liability is paid?

	Interest Rates Drop by ½%	Interest Rates Increase by ½%
(A)	+6,606	+11,147
(B)	(14,757)	+14,418
(C)	(18,911)	+19,185
(D)	(1,313)	+1,323
(E)	Breakeven	Breakeven