

Group Annuity Mortality Experience Data Collection (APF 2024-12)

11/17/2025

Agenda

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2. Group Annuity Industry Survey
3. APF 2024-12 Group Annuity Provisions
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 - b) Criteria for Selecting Companies to Participate In the Data Collection
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 - d) Collar Type
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 - f) Contracts Issued Outside the U.S.
4. Non-Group Annuity Changes Included In APF 2024-12

Background

- LATF exposed an initial draft of APF 2024-12 for comments on 8/13/2024.
- The Experience Reporting (A) Subgroup met on 12/16/2024 and directed formation of a Drafting Group to review the APF and make refinements.
- Drafting Group membership included NAIC staff, SOA staff, Chair of SOA Group Annuity Experience Committee, Academy of Actuaries, ACLI, and individual companies.
- The Drafting Group met regularly to discuss changes to VM-50 and VM-51 and drafted a Group Annuity Industry Survey to better understand companies' group annuity business.
- The APF has been updated for potential exposure by LATF at the NAIC Fall National Meeting. All references to APF 2024-12 in this presentation are referring to the updated version.

Criteria Used to Select Survey Participants

- All companies that participated in the SOA's most recent Group Annuity mortality experience study
- All companies from LIMRA's PRT sales survey
- Company groups (i.e. those within each NAIC group code) were ranked by size for each of the following metrics:
 - Statutory reserves for Group business with life contingencies
 - Certificates Inforce
 - Income Payable
 - 2024 Direct Group Annuity Premium
- Company groups ranking in the top 30 by size for 2 or more metrics were selected to participate in the survey
 - A total of 101 companies were surveyed and all responded.
 - 51 companies have group annuity business in scope.

Survey Limitations

- Certificates in force, amount of income payable, and premium are understated. Many companies left one or more of these blank.
- Some companies left one or more survey questions blank.
- Follow-up was needed with many companies to determine whether contract types reported as "Other" are in scope. Responses are currently being reviewed.
- Best efforts were made to aggregate company responses, but some interpretation was necessary

Mix of Business for Contract Types in Scope

| Contract Type | Company Count | Certificates Inforce | Total Reserves (millions) | 2024 Direct Premium (millions) | 2025 Direct Premium a/o 6/30 (millions) | 2024 Income Payable (millions) |
|-----------------------------------------------------------------|---------------|----------------------|---------------------------|--------------------------------|-----------------------------------------|--------------------------------|
| PRT - Private | 36 | 5,200,000 | \$335,000 | \$45,000 | \$8,300 | \$17,000 |
| PRT - Public | N/A | N/A | N/A | N/A | N/A | N/A |
| Longevity Reinsurance | 6 | N/A | \$2,100 | N/A | N/A | N/A |
| Immediate Participation Guarantee (IPG)* | 11 | 36,000 | \$4,500 | N/A | N/A | \$203 |
| Purchased Annuities Originating from Defined Contribution Plans | 24 | 4,100,000 | \$103,000 | \$11,900 | \$6,600 | \$423 |
| Group Variable Payout Annuities | 18 | 13,000 | \$2,200 | N/A | N/A | \$17.7 |
| Other (includes out of scope business) | 44 | 5,600,000 | \$524,400 | \$37,200 | \$12,300 | \$1,500 |

* Includes only guaranteed IPG, where the insurance company bears the mortality risk

Mix of Business for Contract Types Out Of Scope

| Contract Type | Company Count | Certificates Inforce | Total Reserves (millions) | 2024 Direct Premium (millions) | 2025 Direct Premium a/o 6/30 (millions) | 2024 Income Payable (millions) |
|-------------------------------------------------------------------------------|---------------|----------------------|---------------------------|--------------------------------|-----------------------------------------|--------------------------------|
| Immediate Participation Guarantee (IPG)* | 11 | 146,000 | \$36,000 | \$1,000 | \$800 | \$8000 |
| Group Structured Settlements | 8 | 87,000 | \$38,000 | N/A | N/A | \$1,300 |
| Guaranteed Investment Contracts and Synthetic Guaranteed Investment Contracts | 18 | 190,000 | \$33,000 | \$2,000 | \$911 | N/A |
| Funding Agreements | 19 | 280 | \$290,000 | N/A | N/A | N/A |
| Stable Value | 5 | N/A | \$131,000 | N/A | N/A | N/A |
| Final Expense | N/A | N/A | N/A | N/A | N/A | N/A |

* Includes only non-guaranteed IPG, where the plan sponsor bears the mortality risk

Group Annuity Data Collection APF

Products in Scope

Direct written group annuity business issued by a company in the U.S. for lives in any country as well as reinsurance assumed written by a company in the U.S. for business outside the U.S. Product types include:

- a. Group Pension Risk Transfer (PRT) annuities originating from ongoing and terminated private and public defined benefit pension plans, including both participating and nonparticipating contracts where the insurance company bears mortality risk.
- b. Purchased group annuities with mortality risk originating from defined contribution plans.
- c. Immediate Participation Guarantee contracts for which the insurance company bears the mortality risk.
- d. Longevity Reinsurance.
- e. Group Variable Payout Annuities.

Group Annuity Data Collection APF

Products Out Of Scope

The intent is to align the scope of business collected under this statistical plan with the scope of VM-22. Therefore, the following types of business defined in VM-01 are excluded from data collection:

- a) Guaranteed Investment Contracts
- b) Synthetic Guaranteed Investment Contracts
- c) Immediate Participation Guarantee contracts for which the plan sponsor bears the mortality risk.
- d) Funding Agreements
- e) Stable Value contracts
- f) Pre-Need Annuities

Potential Company Selection Criteria Based On Survey Results

Annual Statement data cannot be used to select companies that will participate in Group Annuity mortality experience data collections, since contract types in scope are not specifically identified.

Reserves reported in the survey are the most reliable metric for selection of participating companies. Of the 51 companies with Group Annuities in scope, 33 have over \$1 billion in Group Annuity reserves in scope, and 3 have \$500 million - \$1 billion.

Based on survey results, potential selection criteria could include:

- All companies with \$500 million or more in statutory reserves for group annuity business in scope.
- Companies previously participating in the SOA or LIMRA studies.
- Affiliates of any company selected based on the above criteria (subject to a minimum reserve level, e.g. \$200 million).
- Any additional companies selected by the Life Actuarial (A) Task Force.

This selection approach would:

- Cover over 90% of industry statutory reserves for group annuity business in scope.
- Include a mix of older and newer contracts.
- Exempt smaller companies with immaterial amounts of business in scope.

APF 2024-12 Criteria to Determine Companies That Are Required to Submit Experience Data

- The Experience Reporting Agent, under the direction of the Life Actuarial (A) Task Force, will select companies that are required to submit experience data.
- The selection of companies will be based on achieving a minimum target level of approximately 90% of industry statutory reserves in scope.
- Companies selected to submit mortality experience data are expected to continue reporting their experience in future years, barring circumstances justifying an exemption.
- The list of companies selected is subject to change. Additional companies may be selected to maintain the target level of industry experience, or at the discretion of the Life Actuarial (A) Task Force.
- Any additional companies selected will be given sufficient notice to prepare for the data submission.

Submission of Group Annuity Mortality Experience Data

- The proposed effective date for the Group Annuity Data Collection is January 1, 2027.
- The Group Annuity Mortality Experience Data Collection is designed to parallel the existing Life Mortality Experience Data Collection.
 - Data will be collected annually using the NAIC's Regulatory Data Collection (RDC) online software submission application.
 - Initial submissions will be due on 9/30 of the reporting year.
 - Final submissions will be due on 2/28 of the following year.
 - Participants will receive immediate feedback on form and format errors from RDC. More detailed feedback will follow from NAIC reviewers based on additional validations and review.
- There will be some companies that will require special handling due to the existence of quota-share arrangements between companies. The survey indicated at least 17 companies have these arrangements.

VM-50 Control Totals and Reconciliation

- The Control Totals will consist of certificate counts and income payable.
 - The purpose of the Control Totals is to ensure that a complete file was received.
- The Reconciliation to the company's statistical and financial data will mirror the survey template and will include certificate counts, income payable, and statutory reserves.
 - The fields will be broken down into the various product lines (both in scope and out of scope) to ensure that only in scope data is reported.

VM-51 Data Elements – Collar Type

| Data Elements | SOA Study | APF 2024-12 | Comments on Survey Results |
|------------------------------------|-----------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Collar Type (Blue vs White Collar) | N | Y | 18 companies representing 78% of PRT reserves indicate they have accurate collar type data (48% for all their business; 30% for part of their business). Multiple criteria may be used to set collar type: benefit amount, industry type, job descriptions, and collar type data or collar percentages from the plan sponsor. |
| NAICS Code | N | Y | SIC and NAICS codes identify industry type. Many companies maintain both codes. However, 13 companies maintain only the NAICS code. |
| SIC Code | Y | Y | |
| Union / NonUnion | Y | Y | Some companies use these criteria to assign collar type. Approximately 30% of companies provided this data in the most recent SOA study. |
| Salaried / Hourly | Y | Y | |
| Zip Code | Y | Y | The 9-digit zip code was used in the SOA study, while the APF requests 5-digits. |

VM-51 Data Elements – Plan Type Identifiers

| Plan Type | SOA Study | APF 2024-12 | Comments on Survey Results |
|--------------------------------------------------------------------------------------------------------------------------|-----------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Defined Benefit | Y | N | The APF breaks out specific product type that fell into this category. |
| Defined Contribution | Y | Y | The survey indicated there is a large amount of group annuity business originating from defined contribution plans. |
| Immediate Participation Guarantee (IPG) Contracts considered Guaranteed (the insurance company bears the mortality risk) | Y | Y | Immediate Participation Guarantee contracts that are considered Guaranteed represent approximately 41% of total IPG reserves. The Drafting Group agreed that only Guaranteed IPG contracts should be in scope, although data was collected for Nonguaranteed IPG contracts for prior SOA Group Annuity mortality studies. |
| IPG Contracts considered Nonguaranteed (the plan sponsor bears the mortality risk) | Y | N | |
| PRT - Private | N | Y | Mortality differs between Private and Public plans. Less than 5 companies separately reported Public PRT business. A number of companies reported Public PRT as Private PRT and noted that Public PRT data was not available or was difficult to identify. Given more time to prepare their data, companies may be able to provide this. |
| PRT - Public | N | Y | |
| Longevity Reinsurance | N | Y | This is mainly UK business written by a limited number of companies. |
| Group Variable Payout Annuities | N | Y | A significant number of companies indicated that they have this type of business. |

Contracts Issued Outside the U.S.

- Countries Included:
 - The most recent SOA Study requested contracts issued in the U.S. and Canada and included no country identifiers.
 - APF 2024-12 includes country identifiers for US, Canada, UK, and Other.
 - Survey results show 10 companies have issued group annuity business outside the U.S., in a limited number of countries (primarily the UK).
- Location Indicator:
 - APF 2024-12 includes a field to identify the 2-digit area code that is part of the UK postcode.
 - Survey respondents indicated this would be the least specific code useful for measuring mortality by area.
- Confidentiality:
 - Data will not be made publicly available for a given country unless at least 5 companies are reporting data for that country.

APF 2024-12 Non-Group Annuity Changes

- VM-50
 - Section 2.B - Added a statement that the NAIC shall collect a fee from companies participating in the data collections.
 - Section 4.B.15 - Added this section which requires an accredited actuary to sign off on the reasonableness of A/E ratios calculated by the NAIC based on the records deemed acceptable after the data review process has been completed.
- VM-51
 - Section 2.C - Added a paragraph to clarify which companies are required to submit life experience data.
 - Section 2.D - Removed outdated language that specified the collection of data for observation years 2022 and 2023 in reporting year 2024.