

Update on Mortality Experience Data Collection

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NAIC MORTALITY EXPERIENCE DATA COLLECTION

Background

- The *Valuation Manual* (VM-50 & VM-51) requires that selected companies submit mortality experience data files for individual ordinary life business. Certain types of business are excluded (simplified issue, worksite, final expense, etc.). This data collection will take place annually.
- The first of these data collections had been scheduled for 2020, however, due to the pandemic it was delayed to 2021. The 2021 collection included data from observation years 2018 and 2019. The deadline to submit final files was March 31, 2022.
- VM-50 Section 1.B outlines the purpose of data collection, which includes development of industry experience tables and assisting regulators in monitoring company's principle-based reserves.

2021 Experience Data Collection Timeline

6/7/21

NAIC notified companies that they could begin submitting data for the 2018 and 2019 observation years. A total of 108 companies were subject to the mortality experience data collection.

9/30/21

Deadline for initial submissions per VM-51.

12/31/21

Deadline for companies to make corrections to data submissions per VM-51. However, NAIC staff recommended a deadline extension to 3/31/22 to allow companies more time to review NAIC feedback, provide responses, and make corrections as needed. This was approved by LATF in early December.

5/31/22

NAIC submitted aggregate experience data to SOA.

NAIC MORTALITY EXPERIENCE DATA COLLECTION

Review Process

- The *Valuation Manual* identifies the NAIC as the Experience Reporting Agent. The NAIC has the task of collecting, validating and aggregating the data prior to submitting it to the SOA.
- The NAIC has developed a multi-stage validation process.
 - Submitted data files are first run through a rules-based validation program which checks for invalid values and invalid combinations of fields (e.g.: date of birth before issue date).
 - Data files are then subject to a field distribution review. This identifies unusual distribution patterns in the data (e.g.: no terminations, unreasonable ratio of males to females, etc.).
 - Feedback is provided to the submitting company at each step of the process. Companies are then required to correct critical data exceptions and resubmit their data.

NAIC MORTALITY EXPERIENCE DATA COLLECTION

Submission Requirements

- A complete data submission must include all the following:
 - Data files for observation years 2018 and 2019 submitted using the NAIC's Regulatory Data Collection system (RDC).
 - A reconciliation of the data file to the company's Annual Statement (Exhibit of Life).
 - A control totals summary.
 - VM-51 Appendix 1 - 3 Questionnaires (Appendix 3 questionnaire is only required for companies defining custom plan codes).
 - Responses to questions/exceptions of a critical nature.

NAIC MORTALITY EXPERIENCE DATA COLLECTION

Submission Status

- NAIC actuarial staff is continuing to follow-up with companies that have incomplete submissions. Outstanding items for some companies include:
 - Control totals, reconciliations and/or questionnaires.
 - Responses to items noted as critical in the field distribution review.
- Field distribution reviews for final submissions is ongoing.
 - Companies will be given feedback which they should consider when preparing for the 2022 data collection. Those that have reviewed NAIC feedback have typically identified changes that need to be made to their data.
 - Responses to questions in the field distribution review are required. This information helps NAIC staff understand the company's distribution of data and avoid asking the same questions year after year.
 - A/E ratios will be provided to companies soon.

NAIC MORTALITY EXPERIENCE DATA COLLECTION

Results

- Final data submissions were greatly improved compared to initial submissions (i.e. 3/31/22 versus 9/30/21 submissions).
- A total of 108 companies participated in the data collection, of which 105 were included in the aggregate file for the SOA. A few companies had many data exceptions and as a result were excluded.
- A total of approximately 97 million records (from 108 companies) were collected for each of the two observation years. Of these, approximately 91 million records were accepted for each observation year (94% of submitted records). Some records were rejected based on data exceptions identified during the validation process.

NAIC MORTALITY EXPERIENCE DATA COLLECTION

Results - Aggregate File

- The aggregate file for the SOA was delivered on May 31st.
- VM-51 Appendix 4 fields 28 - 46 are not included in the aggregate file (e.g. premium, UL/ML secondary guarantee info, etc.).
 - NAIC feedback sent to companies included validation results for all fields.
 - There were numerous data exceptions for fields 28 - 46. For the 2021 data collection, the NAIC asked companies to focus on making corrections to fields 1 - 27. Data acceptance criteria for the aggregate file was based only on fields 1 - 27.

2022 NAIC MORTALITY EXPERIENCE DATA COLLECTION (Observation Year 2020) Improvements

- NAIC staff will be implementing improvements for the 2022 data collection. Some of these improvements include:
 - Companies will have the option to download data exceptions from RDC.
 - A Data Dictionary will be provided to give companies additional guidance.
 - NAIC staff is further automating the review process to provide feedback to companies faster.
 - NAIC staff is reviewing the rules-based data validations and their severity.

NAIC MORTALITY EXPERIENCE DATA COLLECTION

2022 Company Training

- Kick-Off meeting/training will be conducted on June 15th. Topics will include:
 - Discussion of planned improvements to the process.
 - Obtain feedback from companies regarding additional improvements.
 - File layout changes.
 - Optional information to be collected.
- Additional training is planned for later in June to go over changes to reporting when a Third-Party Administrator is involved.