2026 HMI and FMI VM20 Mortality Improvement Scale

Preliminary Recommendation

July 30, 2026

Life MI Subgroup of the SOA Mortality and Longevity Oversight Advisory Council

SOA Research Institute

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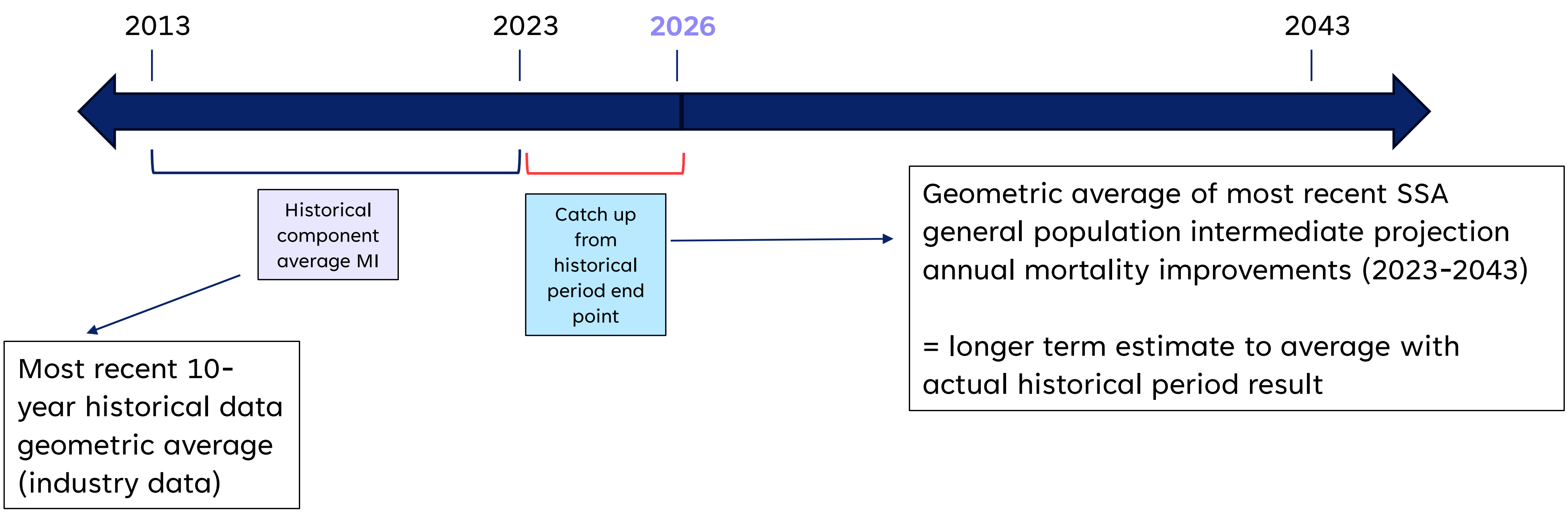
Agenda

- Review Current HMI Scale Recommendation
- Review Current FMI Scale Recommendation
- Next steps

VM20 HMI Scale Methodology
Valuation Year 2026 (2025 and Prior Method)



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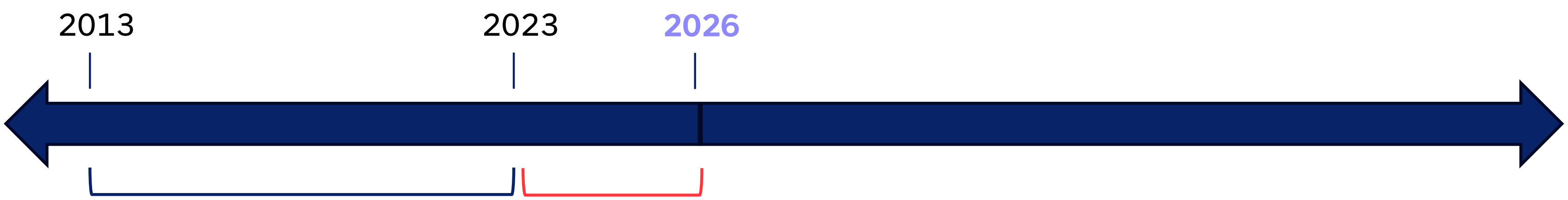
VM20 HMI Scale Methodology
Valuation Year 2026 (New Proposed Method)



Historical component average MI

Most recent 10-year historical geometric average (industry data)

Catch up to historical period end point:

Adjust Historical Average for improvements from 2023 to 2025 for the general population

Use new SOA Quarterly Mortality Monitoring Report tool data to develop an adjustment based on general population results through from 2023 to the end of 2025 (beginning of 2026).

2026 HMI Scale=
Average Annual Improvement Implied by the Historical Data

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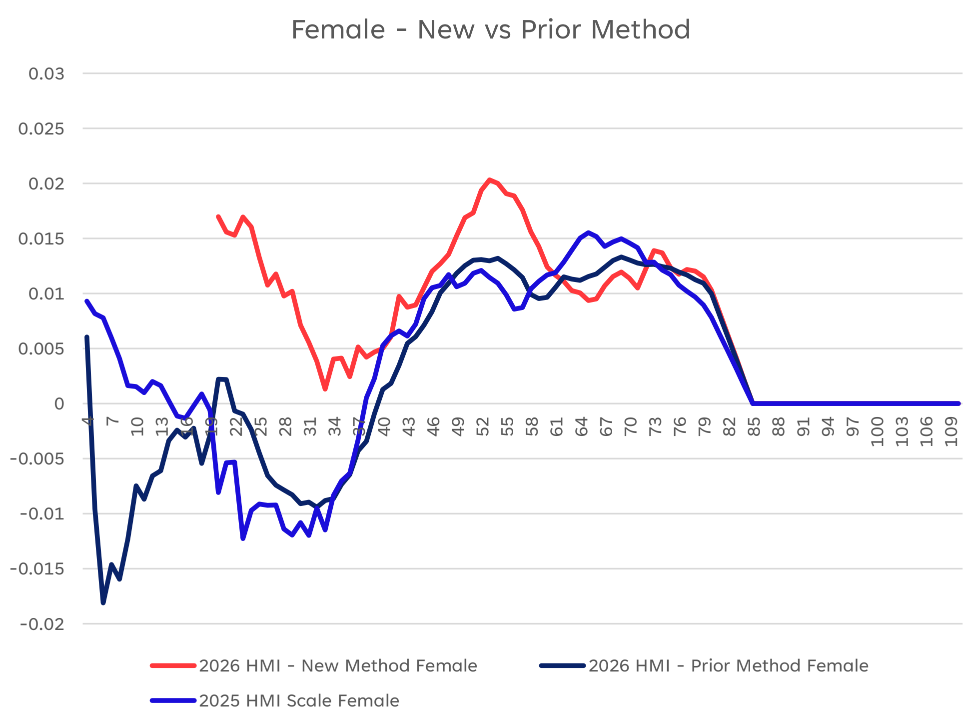
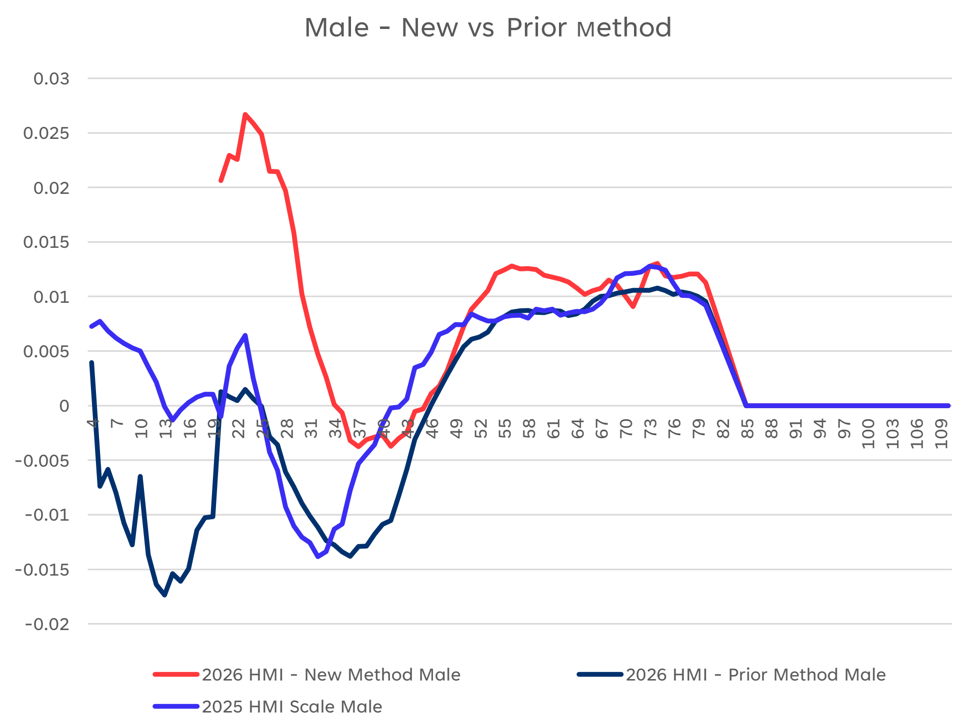
2026 HMI Recommendation – Unsmoothed Scale





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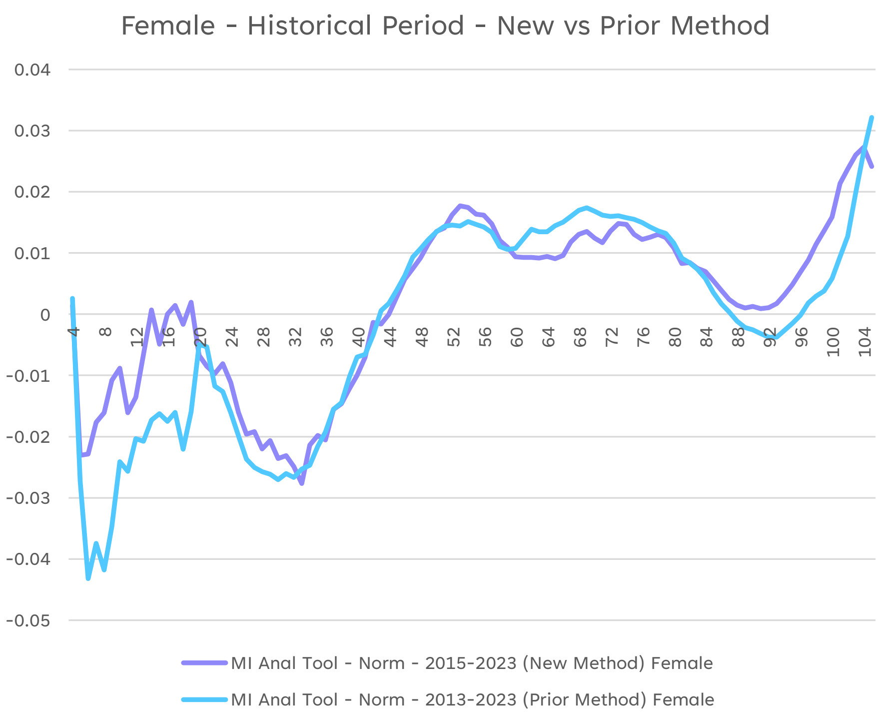
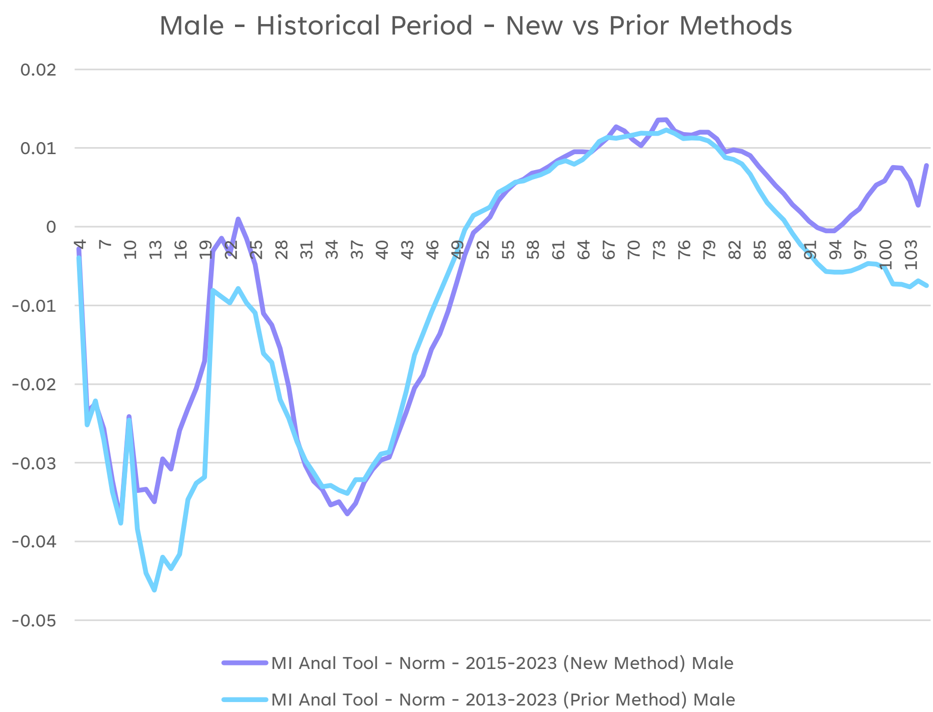
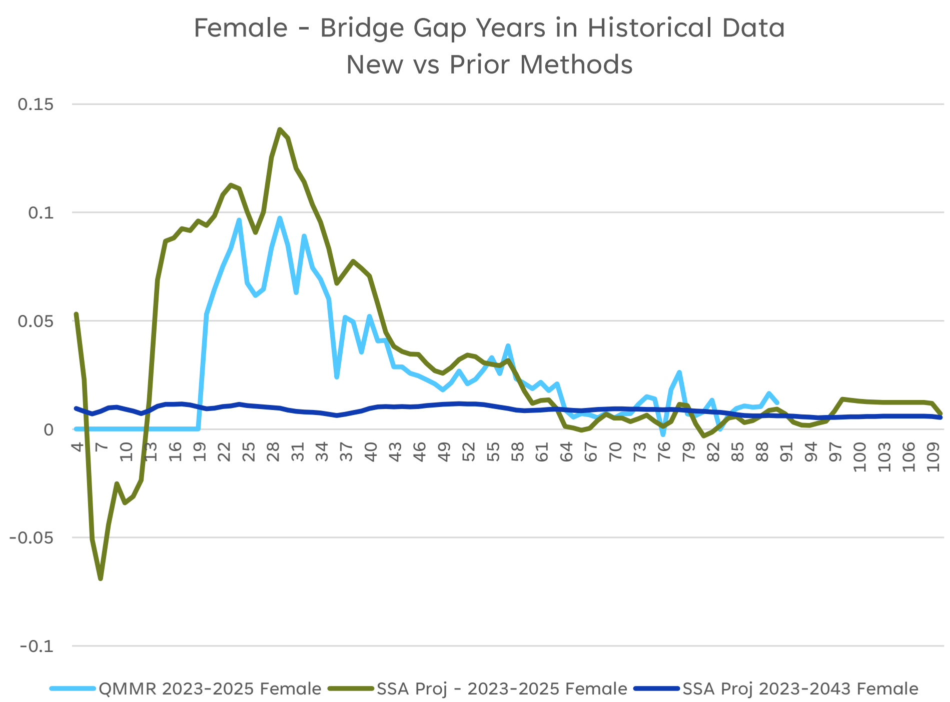
2026 HMI – Difference in Historical Component

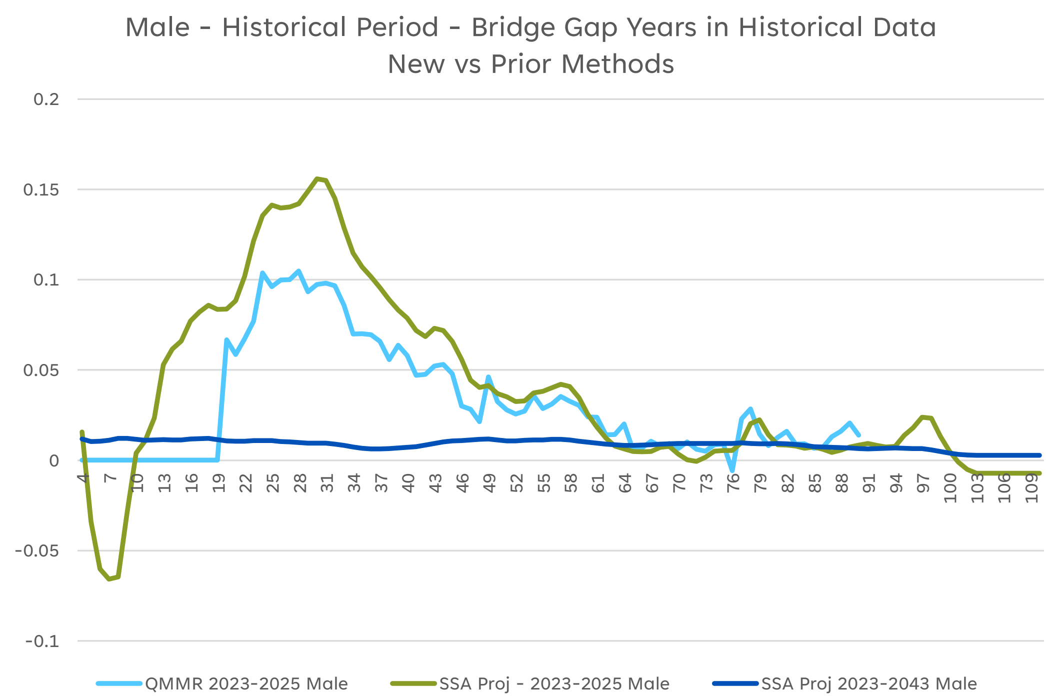




- Prior method used 10 year look back and then weighted with SSA Intermediate Projection
- Periods of look back – 2013 vs 2015

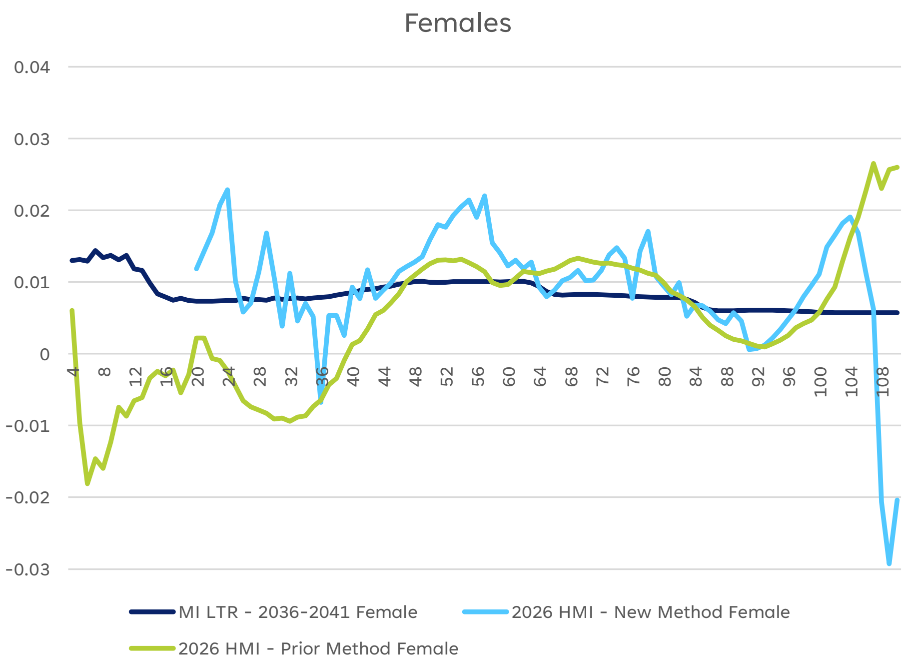
2026 HMI - Difference in Catch Up Adjustment

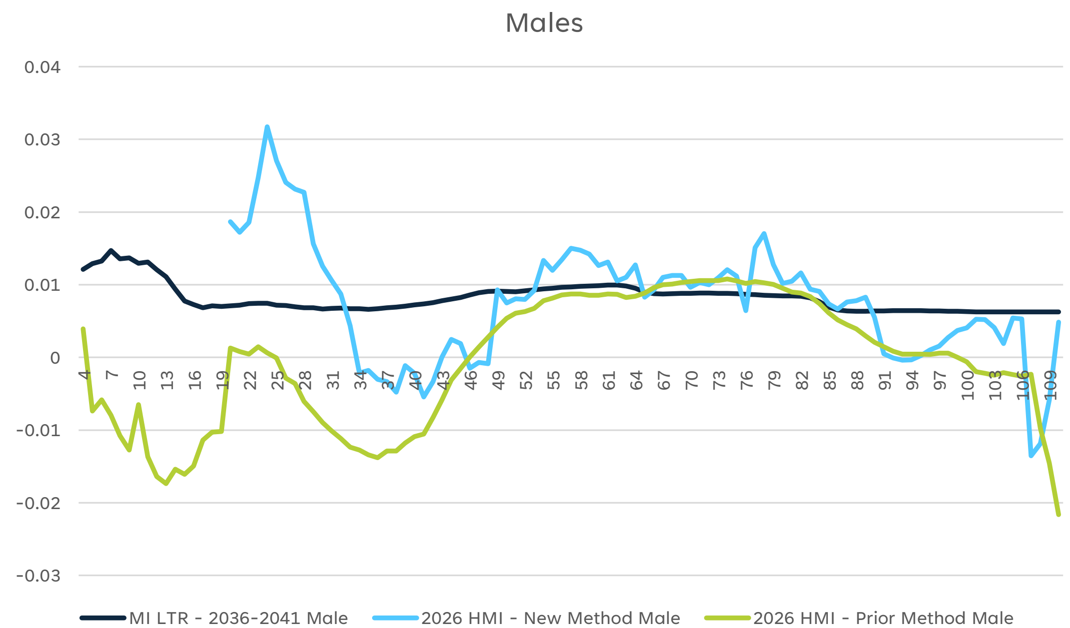




<u>Difference between new method and prior method:</u>
New Method = Estimate the final 2 years (2023 to end of 2025) using general population results directly
Prior Method = Average the historical result (10-year average) with a long-term average projection (SSA Int)

2026 FMI Recommendation





FMI:

- Starting in 2026 at HMI Scale
- Grades to MI LTR in 2036
- Remains at MI LTR until 2041
- Then grades to FMI=0 at year 20 (2046)

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