

OUR MEETING WILL BEGIN SHORTLY

# Welcome to the 2022 Mortality Data Collection Kick-off Call

June 15, 2022

- ✓ All attendees will be muted throughout the presentation.
- ✓ Please use the "Q&A" for questions and send to all panelists. Questions will be addressed at the end of the presentation.
- ✓ This webinar is being recorded and will be made available on the NAIC website.
- ✓ For technical help, please contact the NAIC Technical Support Team at [MeetingTechHelp@naic.org](mailto:MeetingTechHelp@naic.org) or 866-874-4905

# 2022 Mortality Data Collection Kick-off Call

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June 15, 2022

# Agenda

- Recap of 2021 Mortality Experience Data Collection
- Company Feedback Wanted
- Planned Improvements For 2022
- Flow Chart of the RDC Data Collection / File Review Process
- Key Points To Remember
- What's New In 2022?
- Resources On The NAIC Website

# Recap of 2021 Mortality Experience Data Collection

## Observation Years 2018 and 2019

- The NAIC collected data from 108 life insurance companies.
- Since some companies submitted multiple times, we processed approximately 250 data submissions for each observation year.
- Final record count for each observation year was approximately 97 million records.
- NAIC staff is preparing final review packages which will include A/E ratios.

# Recap of 2021 Mortality Experience Data Collection

## Results – Aggregated Data File

- The aggregated data file for the SOA was delivered on May 31<sup>st</sup>.
- VM-51 Appendix 4 fields 28 – 46 are not included in the aggregate file (e.g. premium, UL/VL secondary guarantee info, etc.).
  - 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.
- Although fields 28 – 46 are not currently reported to the SOA, they may be used in the future. As such, companies are encouraged to improve the quality of all data elements in their file.

# NAIC MORTALITY EXPERIENCE DATA COLLECTION

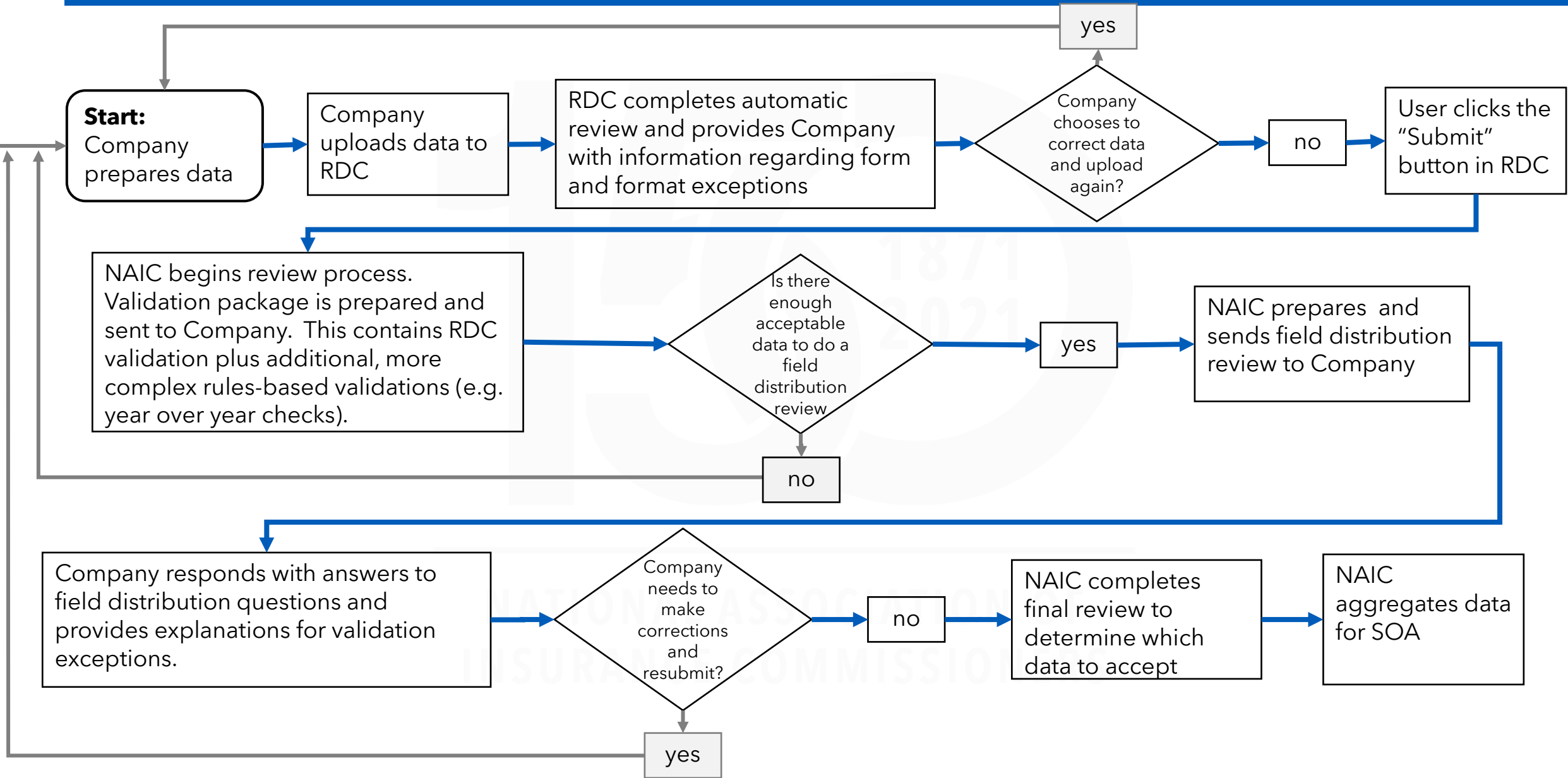
## Company Feedback Wanted

- NAIC staff would like to know about your experience with the 2021 data collection.
  - What went well?
  - Do you have suggestions on how we can improve?
- Please send any feedback you may have to [experience\\_reporting@naic.org](mailto:experience_reporting@naic.org).

# 2022 NAIC MORTALITY EXPERIENCE DATA COLLECTION (Observation Year 2020) Planned 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 staff is making revisions to the Reconciliation Template to accommodate additional line items and TPA reporting.

# Flow Chart of the RDC Data Collection / File Review Process:





# 2022 Mortality Experience Data Collection

## Key Points to Remember

- Submit data file via the NAIC's Regulatory Data Collection (RDC) system. Data files submitted via the FTP site cannot be accepted.
  - Companies may upload their data files and review exceptions identified in RDC; however, NAIC staff is unable to access and review this data until the user clicks the "Submit" button.
  - All user assignments from the previous data collection will be carried over to the 2022 collection. Please note that a user must be assigned within RDC in order to upload and submit files.
  - If you encounter problems using the RDC system, please email us directly at [experience\\_reporting@naic.org](mailto:experience_reporting@naic.org). Questions submitted to the NAIC help desk have to be routed to our group, which can cause delays.

# 2022 Mortality Experience Data Collection

## Key Points to Remember

- Submit the following items via the company's secure FTP site (these documents cannot be submitted via RDC):
  - Control Totals
  - Reconciliation to the Annual Statement
  - VM-51 Appendix 1-2 Questionnaires – Appendix 3 is also required if the company has defined custom plan codes.
- When uploading to the FTP site, please create a new folder for each submission date and upload documents to that folder. Please use the RDC upload date as your submission date.
  - We are asking that companies use the format of “Submission Date *mmddyyyy*” in naming their folders.

# 2022 Mortality Experience Data Collection

## Key Points to Remember

- Control Totals document
  - A template is available on the NAIC website. [https://content.naic.org/pbr\\_data.htm](https://content.naic.org/pbr_data.htm) (Scroll to the VM-50/VM-51 Experience Reporting section).
  - The values contained in the control totals must match the totals in the data file.
  - Face amounts for joint life should be counted only once.
- Reconciliation to the Annual Statement
  - NAIC staff is working on revisions to the Reconciliation Template. The revised template is expected to be available on the NAIC website in July. If you are using the template, please be sure to download and use the current version.
  - Note that certain fields in the reconciliation are expected to tie to the Control Totals.
  - Any discrepancies must be explained.

# 2022 Mortality Experience Data Collection

## Key Points to Remember

- When we send your validation package, we will let you know if a field distribution review is going to be prepared. If you are going to receive a field distribution review, please wait to receive this before resubmitting your data file.
  - Companies can continue to upload data files and review RDC validations.
  - Clicking the “Submit” button kicks off the NAIC review process.
  - If you have identified significant changes and wish to resubmit before receiving the field distribution review, please notify the NAIC.
- Review all feedback from the NAIC and respond accordingly.
  - Validation Package feedback may require a resubmission or explanation of exceptions.
  - Field Distribution Review Package contains specific questions regarding the company’s distribution of business. **Please note: companies must respond to the questions in the field distribution review.**

# 2022 Mortality Experience Data Collection

## Key Points to Remember - Field Distribution Review

- In the last data collection, the field distribution reviews contained numerous questions regarding the company's distribution of business.
  - This information helps NAIC staff understand the company's distribution of data and avoid asking the same questions year after year. For example, if a company has an unusual ratio of males to females and they confirm that this is accurate, it will be noted so that the same question is not asked again in the future.
  - We anticipate fewer questions going forward.
- Thresholds are being adjusted now that we have feedback from over 100 companies.
- Many of the companies that have reviewed the field distributions have identified corrections and / or enhancements that they can make to their data.
  - Example: Underwriting type – some companies did not have this available in their actuarial systems but for the future they can capture it from an underwriting database.
- We encourage companies to implement enhancements whenever possible.

# 2022 Mortality Experience Data Collection

## What's New in 2022?

- New Data File Layout
- New Plan Codes (voluntary)
- New Cause of Termination (voluntary)
- Ability to Download Exceptions from RDC
- Data Dictionary
- Rules-Based Validation Changes
- Reinsurer / Third-Party Administrator Reporting

# 2022 Mortality Experience Data Collection

## What's New in 2022? - New Data File Layout

- An additional field has been added to better accommodate companies where a portion of their business is administered by a reinsurer or other third-party administrator. This impacts all companies.
- VM-51 Section 2.B also contains some additional language to clarify reporting requirements when there is reporting being done by a TPA.
- RDC is being modified to accept the new layout. Files with the old layout will be rejected.
- Companies must notify the NAIC in advance if a portion of their data is going to be submitted by a third-party.

ITEM	MAX LENGTH	DATA ELEMENT	DESCRIPTION
1	9	Submitting Company ID	ID number representing the company submitting this file. If the company has an NAIC Company Code, then that code must be used. If the company does not have an NAIC Company Code, the company's Federal Employer Identification Number (FEIN) must be used. <b>If the direct writer is the company submitting the data, items 1 and 2 must contain the same value.</b>
2	5	NAIC Company Code of the Direct Writer of Business	The NAIC Company Code of the company that wrote the business being reported. In the case of assumption reinsurance where the assuming company is legally responsible for all benefits and claims paid, the assuming company is considered to be the direct writer. <b>If the direct writer is the company submitting the data file, items 1 and 2 must contain the same value.</b>

# 2022 Mortality Experience Data Collection

## What's New in 2022? - New Data File Layout

- The Smoker Status field was originally designated as “Smoker Status (at issue).”
- The “(at issue)” has now been dropped.
- Companies should now populate this field with the current smoker status.

ITEM	MAX LENGTH	DATA ELEMENT	DESCRIPTION
12	1	Smoker Status	Smoker status should be submitted where reliable. 0 = Unknown 1 = No tobacco usage 2 = Nonsmoker 3 = Cigarette smoker 4 = Tobacco user



# 2022 Mortality Experience Data Collection

## What's New in 2022? - New Plan Codes

- During the review of the first data collection, it was noted that there were no distinct plan codes for coverage purchased with dividends.
- The NAIC has submitted an amendment to the *Valuation Manual* to add two plan codes to accommodate this situation. This amendment is expected to be adopted for the 2023 *Valuation Manual*.
- We are asking companies to incorporate these plan codes in 2022 on a voluntary basis. Having these plan codes in use will greatly help with the review process.

### **Coverage purchased with dividends:**

196 – Paid Up Additions

197 – One Year Term

# 2022 Mortality Experience Data Collection

## What's New in 2022? - New Cause of Termination

- The Society of Actuaries requested a method of collecting data regarding COVID-19 deaths. Instead of adding a new field, we have defined a new cause of termination.
- The NAIC has submitted an amendment to the *Valuation Manual* to add this cause of termination. This amendment is expected to be adopted for the 2023 *Valuation Manual*.
- We are asking companies to incorporate this cause of termination in 2022 on a voluntary basis.

### **Cause of Termination:**

05 – Death due to COVID-19

# 2022 Mortality Experience Data Collection

## What's New in 2022?

- Ability to download Exceptions from RDC
  - The RDC system is currently being modified to allow exceptions to be downloaded to a csv file. The modification is expected to be in place prior to June 30, 2022.
  - Instructions for the download will be posted to our website as soon as the modification has been implemented.
- Data Dictionary
  - NAIC staff are currently working on a Data Dictionary for the VM-51 data file.
  - The Data Dictionary will give additional guidance on how each field is to be populated.
  - This is expected to be completed and published to our website by June 30, 2022.
- An email will notify companies when these resources are available.

# 2022 Mortality Experience Data Collection

## What's New in 2022?

- Rules-Based Validation Changes
  - NAIC Staff has received additional guidance from the Society of Actuaries regarding some fields.
  - As a result of this guidance, the severity of all the rules-based validations was reviewed.
    - Some validations that were previously identified as Critical are no longer considered Critical (e.g. Issue Age must match calculated Issue Age using Date of Birth, Issue Date, and Age Basis).
    - Some validations that were not previously identified as Critical have been upgraded to Critical (e.g. Invalid value for Preferred Class Structure Indicator).
  - A listing of the revised validations will be posted to our website by June 30,2022.
  - Detailed data on exceptions will now be delivered via csv files instead of Excel.

# 2022 Mortality Experience Data Collection

## What's New in 2022?

- Reinsurer / Third-Party Administrator Reporting
  - If a company is planning on having a third-party submit a portion of their data, they must notify the NAIC in advance.
  - There will be special requirements in the Reconciliation to the Annual Statement to assure all data is being captured.
  - We will be conducting a separate webinar to cover Third-Party reporting in more depth.

# 2022 Mortality Experience Data Collection

## Resources on the web

[https://content.naic.org/pbr\\_data.htm](https://content.naic.org/pbr_data.htm)

**(Scroll to the VM-50/VM-51 Experience Reporting section).**

- 2021 Training Webinars
  - Kick off Call
  - Validations
  - RDC File Submission Process
  - Company Administrator Training
- RDC Submission Instructions
- Company Administrator Guide
- Templates for Control Totals and VM-51 Appendix Questionnaires (Reconciliation template coming soon)
- VM-51 Data Validations (coming soon)

# Questions?

**A complete list of questions and answers from this training will be posted to our website.**

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