

# 2024 GRET Recommendation

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Mortality and  
Longevity

# Agenda

- Methodology
- Recommendation
- Comparison to Prior Years
- Information on Companies in Study

# Presentation Disclaimer

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# Methodology

1. Calculate Actual to Expected Expenses
  - Gather data points from company Annual Statement submissions provided by NAIC
  - Seed factors used to calculate expected expenses.
2. Determine Distribution Channel
  - Survey sent by SOA Research Institute to companies to determine primary distribution channel.
  - This channel is used or the historical distribution channel for those companies that did not respond.
3. Remove outlier companies
4. Analyze data to derive unit expense factors by those Distribution Channels

# Seed Values

Expenses allocated to acquisition and maintenance categories using the same seeds as has been previously used:

- Acquisition/Policy: \$200.00
- Acquisition/Face Amount: \$1.10
- Acquisition/Premium: 50%
- Maintenance/Policy: \$60.00

# Recommendation for 2024 GRET Factors

Proposed 2024 GRET Factors Based on Average of 2021/2022 Data					
Description	Acquisition per Policy	Acquisition per Unit	Acquisition per Premium	Maintenance per Policy	Company Count
Independent	\$198	\$1.10	50%	\$59	140
Career	206	1.10	52%	62	90
Direct Marketing	217	1.20	54%	65	23
Niche Marketing	132	0.70	33%	40	31
Other*	162	0.90	41%	49	95
					379

\* Includes companies that did not respond to this or prior year surveys

Current 2023 GRET Factors Based on Average of 2020/2021 Data					
Description	Acquisition per Policy	Acquisition per Unit	Acquisition per Premium	Maintenance per Policy	Company Count
Independent	\$180	\$1.00	45%	\$54	141
Career	203	1.10	51%	61	84
Direct Marketing	197	1.10	49%	59	21
Niche Marketing	147	0.80	37%	44	30
Other*	153	0.90	39%	46	106
					382

\* Includes companies that did not respond to this or prior year surveys

# Comparison to Prior Years

Acquisition per Policy					
Description	2023	Percentage Change	2022	Percentage Change	2021
Independent	\$198	10%	\$180	-2%	\$183
Career	206	1%	203	-4%	212
Direct Marketing	217	10%	197	-2%	200
Niche Marketing	132	-10%	147	-3%	151
Other*	162	6%	153	10%	139

\* Includes companies that did not respond to this or prior year surveys

Acquisition per Unit					
Description	2023	Percentage Change	2022	Percentage Change	2021
Independent	\$1.10	10%	\$1.00	0%	\$1.00
Career	1.10	0%	1.10	-8%	1.20
Direct Marketing	1.20	9%	1.10	0%	1.10
Niche Marketing	0.70	-13%	0.80	-11%	0.90
Other*	0.90	0%	0.90	13%	0.80

\* Includes companies that did not respond to this or prior year surveys

# Comparison to Prior Years

Acquisition per Premium					
Description	2023	Percentage Change	2022	Percentage Change	2021
Independent	50%	11%	45%	-2%	46%
Career	52%	2%	51%	-4%	53%
Direct Marketing	54%	10%	49%	-2%	50%
Niche Marketing	33%	-11%	37%	0%	37%
Other*	41%	5%	39%	11%	35%

\* Includes companies that did not respond to this or prior year surveys

Maintenance per Policy					
Description	2023	Percentage Change	2022	Percentage Change	2021
Independent	\$59	9%	\$54	-2%	\$55
Career	62	2%	61	-5%	64
Direct Marketing	65	10%	59	-2%	60
Niche Marketing	40	-9%	44	-2%	45
Other*	49	7%	46	10%	42

\* Includes companies that did not respond to this or prior year surveys



# Survey Results

- Percent of survey respondents that that responded that GRET factors are used for individual life sales illustration purposes:

Percentage of Companies that use GRET Factors	
Survey Year	Percentage
2022	44%
2022	35%
2021	31%
2020	29%
2019	26%
2018	28%
2017	30%
2016	26%

- We believe variation is a result of the mix of respondents and the limited number of responses

# Information on Companies in Study

- NAIC Data extracts included:
  - 2022: 749 companies
  - 2021: 766 companies
- Total ordinary policies issued saw a decrease of 8.45% (850k) in 2022 after seeing an increase of 3.1% (312k) in the previous year.
- The final companies used in the GRET calculation was 379 in 2022, a decrease of 3 from the previous year after seeing an increase of 7 in the previous year.
- This year's survey, a record of 44% of respondents indicated they use GRET factors for individual life sales illustration purposes, continuing the increasing trend.

# Questions?

