

Questions from 04/21/2021 Mortality Experience Data Collection Kick-off Meeting

1. It is the first time our company is participating; is there a charge we have to pay?
A: No. The NAIC is not charging a fee for the 2021 mortality experience data call.
2. How frequently will these data calls be done going forward?
A: Annually. The *Valuation Manual* specifies that the data call will go out in Q2 each year, initial data submissions are due September 30th and any corrections to data file are due by December 31st.
3. Is group business excluded?
A: Yes. VM-51 Section 2.B states: “The data for this statistical plan is the **individual** [emphasis added] ordinary life line of business.”
4. Can you list which types of products should be excluded from the data submission? Earlier, it was suggested that Simplified Issue, Guaranteed Issue, COLI/BOLI should not be submitted. Anything else?
A: VM-51 Section 2.B states: “The ordinary life line of business does not include separate lines of business, such as SI/GI, worksite, individually solicited group life, direct response, final expense, pre-need, home service, credit life, and corporate-owned life insurance (COLI)/bank-owned life insurance (BOLI)/charity-owned life insurance (CHOLI).”
5. The item 19 Description says, “Exclude from contribution: spouse and children under family policies or riders.” Does this section suggest spouse and/or child riders under family policies or general riders should be excluded? Is this specified in the *Valuation Manual*?
A: Family policies and family riders are excluded from the submission. However, please note that spouse and child riders are to be included. The description for item 19 is the only place in the *Valuation Manual* where this exclusion is mentioned.
6. Would annuity related product lines be required – you mention ordinary life.
A: No. Currently VM-51 is only addressing individual ordinary life business.

7. Is the company administrator the person responsible for VM-51 or an existing contact person at the company with a NAIC login?

A: It can be the person responsible for VM-51, but it does not have to be. The primary purpose for the company administrator is to monitor/maintain who can submit data and who can access the company's data submissions. Because of employee turnover and/or reassignment of duties, we wanted someone within the company to maintain that access. It is important to note if the company administrator leaves the company or changes responsibilities, someone from the company must notify the NAIC and designate a new administrator.

If the company administrator already has an NAIC login, then we will confirm they have the necessary permissions for RDC. If the company administrator does not have an NAIC login, we will request one for them. They will receive an email with their login information and a temporary password.

8. Can my company assign 2 administrators, so that one can be a backup for the other?

A: Currently, the RDC system is only set up for one company administrator at a time.

9. We combined with a smaller fraternal years ago. That company doesn't exist any more. We maintain a separate administration system for them. Since we didn't directly write that business, should it be excluded?

A: If you are reporting that business in your annual statement then you would now be considered the direct writer for that block. You mentioned that this block of business is maintained on a separate administration system. This may be a situation where a hardship exemption would apply. Please email us at experience_reporting@naic.org if you would like to request a hardship exemption.

10. If a group merged two affiliates in 2020, how would that impact 2018 and 2019 reporting? Would there be separate submissions for each company or a single submission for each reporting year?

A: In the case of mergers, we are asking the companies to email us at experience_reporting@naic.org with the details of their situation. We will be handling these on a case-by-case basis and will work with you to find an acceptable solution.

11. Will the data call in May specify which affiliates are selected for the data call (or which are not, if any)?

A: When the data call goes out in May. Each company selected will receive an email. We will be including the company name in the Subject line of those emails.

12. For the purpose of calculating the \$10 million of individual premium to determine an affiliate's exclusion, should SI, GI, COLI, etc. be excluded from that total?

A: Yes. Any business that is out of scope should be excluded from the total premium.

13. For the purpose of calculating the 10m premium limit, what premium measure should be used? Premium paid during the year, premium in force, or something else?

A: The premium measure is the total direct collected premium.

14. To be clear on the affiliate selection level is at the level of the NAIC company code (Blue Book submission level)? Are there different rules for TPAs that might exist within a single NAIC company code?

A: The NAIC has prepared a policy and procedures document outlining how data should be handled when a third-party administrator is involved. It can be found on our website and is titled "VM-51 Reporting when Business is Administered by Third-parties." A future webinar will be dedicated to reviewing this topic.

Recently, an amendment to the *Valuation Manual* was exposed that will make some change to allow this process to be more flexible. Those changes will not be in effect, however, until 2022. Anyone who would like to know more about this amendment, can email us at experience_reporting@naic.org.

15. My company submits VM-51 data to MIB on an annual basis already. How is this NAIC data call different from that?

A: In the past, Kansas and New York have utilized MIB to collect data that is very similar to that required by VM-51. VM-50 Section 3.B.3.b specifically allows state insurance departments to perform their own data calls with a different Experience Reporting Agent. Kansas had stated that they are discontinuing their data call; however, New York is planning to continue theirs.

There are several differences between the New York data call and the VM-51 specifications. There are plan codes included in the NY data that are not part of VM-51. The Underwriting Requirements field has different options. The New York data contains two additional data elements. Also, the VM-51 data must be submitted using a comma delimited csv file. We believe that New York may have allowed other formats. For these reasons, the same data file cannot be used for both data calls.

16. Is there a plan to align VM-51 with the NYDFS submission at some point in the future? It's cumbersome to prepare two submissions that are almost identical.

A: There has been some discussion on this in the past. Any changes to VM-51 would require an amendment be filed. There are no immediate plans to do this.

Also, keep in mind that the NAIC is bound by VM-51 and the amendment process takes time. New York has much more flexibility with their data call and can change things much more quickly. Even if the NAIC amended VM-51 to align with New York, there is no guarantee that New York would not make other changes.

17. Is having to file data call to New York DFS a reason for requesting exemption from the NAIC VM-51 data call?

A: No.

18. On slide 20, for the submission templates, what is the format: Excel, Word, comma-delimited csv, etc.?

A: The control totals and reconciliation templates are in Excel. The questionnaires are all in Word.

19. On your website, there is a link for a *Valuation Manual* and for a redlined *Valuation Manual*. Which one should be used and what is the difference?

A: The redlined version highlights changes made from one year to the next. If you are looking for changes, then that is the one you would want. If you are wanting to see the current version, then the regular *Valuation Manual* link would be the appropriate one.

20. Does the reconciliation address the difference between death benefit amount as required in the Annual Statement Exhibit of Life and the face amount as required by VM-51?

A: We had not considered this difference when we developed the template. We will do some research and will likely be posting a modified template in the near future.

21. Our company has an indexed variable universal life product. Field 19 does not have an option for this. It has indexed and variable as separate plan codes. Which one should we use?

A: This would be a situation where you would probably want to assign a custom plan code. Appendix 3 of VM-51 is a form that you can fill out and submit to specify a custom plan code when none of the pre-defined plan codes is appropriate. This form would need to be submitted along with the Appendix 1 & 2 questionnaires via the company's secure FTP site.