**Questions from 05/26/2021 Mortality Experience Data Collection**

**Control Totals and Reconciliation Meeting**

1. We have been submitting VM-51 data for years and have never been asked for these extra steps including reconciliation files. Is this a new requirement?

**A:** Yes. While the Kansas and New York data calls used a similar data file format, they were not bound by the *Valuation Manual*. The Control Totals are required by VM-50 Section 4.B.2. The Reconciliation is required by VM-50 Section 4.B.3.

1. If our company administers business on behalf of a ceding company, do we wait to receive a request to compile the data or should we compile and send it anyway?

**A:** Our policies & procedures document regarding this situation (available on our website) specifically states that assuming companies should wait for a request from the ceding company. However, if you have not received a request from the ceding company, we recommend that you reach out to them to clarify if they want you to prepare that data. It is important to note that only companies selected by the NAIC are subject to the data call, so it is possible that the ceding company’s data should not be submitted.

1. Our company excluded Hybrid UL-LTC and WL-LTC from the submission to Kansas. Should we request an exclusion? They do not have available plan codes.

**A:** This can be handled in a couple of ways. VM-51 Appendix 3 allows companies to define custom plan codes when they have a product that does not fit any of the pre-defined plans. Please keep in mind that we would want data only on the life portion of the product. In most cases, the LTC portion of the product is filed as health, which is out of scope for this collection. We recognize the underwriting and experience data for these types of products may differ from traditional life products. If you feel that your product should not be included, you are welcome to request an exemption.

1. Can you add a list of valid state codes to the validation file?

**A:** We will be adding that to the validation spreadsheet on our website.

**Control Totals:**

1. Should the claim count in the control total include only segment 1 records?

**A:** No. We will be comparing your control total to our summary of your data submission. We will be counting all segments with a cause of termination being death.

1. Will the Reconciliation be checked against anything other than End of Year count/amount from the Exhibit of Life Insurance?

**A:** No. The primary purpose of the Reconciliation is to ensure that all in-scope business is included in the data submission, and that no out of scope business is included. Given that out of scope business is included in the various line items in Exhibit of Life, we felt that it would be too onerous to reconcile additional line items.

**Reconciliation:**

1. Shouldn’t all non-US business be excluded also?

**A:** VM-51 Section 2.B indicated that business issued outside the U.S. is excluded. We are adding a line in the reconciliation for companies to exclude for policies issued outside the U.S. Policies written within the U.S. that have a resident state outside the U.S. are included in this data collection.

1. Do we have to ask for exemptions every year?

**A:** No. The NAIC will keep track of exemptions from year to year so there will be no need to refile for exemptions each year.

1. Do we need to ask for exemptions from both the NAIC and the domestic regulator?

**A:** No. Please submit your request to the NAIC at [experience\_reporting@naic.org](mailto:experience_reporting@naic.org). We will review your request and make a recommendation to your domestic regulator.

1. Shouldn’t the face amounts for UL option B policies be shown as specified amount for VM-51? Isn’t this different from the Exhibit of Life, which would show the specified amount plus the cash surrender value?

**A:** VM-51 Appendix 4, items 21-24 indicate that if a policy provides payment of cash value in addition to face amount, only the face amount should be included, not the cash value. Company practices for the Exhibit of Life may vary. Some companies may be showing the face amount only, while others may be showing the face amount plus cash value. To address this, we are adding a section to the reconciliation to accommodate UL Option B additional cash value amounts, UL Option C return of premium, and Corridor amounts so that any differences may be accounted for.

1. Some of our COLI business is in Group, some in Ordinary. I assume both will be excluded but do I need to know for the reconciliation which is group and which is ordinary?

**A:** Both Group and Ordinary COLI business is excluded. The reconciliation is between the data submission and the ordinary life section of the Exhibit of Life. Since Group business is not considered ordinary life, only the ordinary COLI business needs to be accounted for in the Reconciliation.

1. Is there an acceptable “unexplained” difference in reconciled amounts or only small differences due to rounding?

**A:** We are expecting all differences to be explained. If the difference is due to rounding, then that should be entered in the explanation box. Anything greater than rounding needs to be specifically addressed.

1. Are territories such as Puerto Rico, Guam, and Washington DC included?

**A:** Yes,these have valid “state” codes as does the UL Virgin Islands. We will be adding a complete list of “state” codes to our validation spreadsheet on our website.

1. We have some third-party administered data and do not have seriatim policy records for this business. How do we reconcile these?

**A:** We have prepared a policy/procedures document to address how this situation should be handled. We also recently conducted a training webinar on this topic. The recording of the webinar along with the PowerPoint slide deck and policy/procedures document are available on our website. We recommend you review these resources. If you have additional questions, you can email us at [experience\_reporting@naic.org](mailto:experience_reporting@naic.org).

1. How do we handle the timing differences between the VM-51 reporting and the Exhibit of Life? VM-51 includes a reporting lag and the Exhibit of Life does not.

**A:** Section G of the Reconciliation addresses this lag.

1. Will there be a reconciliation to ensure that the beginning numbers in the Exhibit of Life tie to the prior year’s ending numbers?

**A:** This will not be part of the Reconciliation specifically. However, when the NAIC is performing year over year validations on your data files, we will be comparing the policies in-force at the end of the prior year to the in-force at the beginning of the current year. If discrepancies are discovered, you will be given the opportunity to explain the differences.