Welcome to the
2023 Mortality Data Collection Kick-off Call

June 21, 2023

- ✓ 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 or 866-874-4905

NAIC NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

2023 Mortality Data Collection Kick-off Call

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June 21, 2022

NAIC NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Agenda

- Recap of Previous Mortality Experience Data Collections

- Key Dates for 2023 Data Collection

- Flow Chart of the RDC Data Collection / File Review Process

- Key Points To Remember

- What's New In 2023?

- Additional Guidance On Certain Fields

- Resources On The NAIC Website

Recap of Previous Mortality Experience Data Collections
Observation Years 2018 and 2019

- Data was collected from 108 life insurance companies.

- NAIC staff has prepared spreadsheets containing A/E ratios for each company.

- Each company must review their A/E and state that it looks reasonable. Companies that do not approve the A/E will not be used in the aggregate file by the SOA.

- The NAIC has been working with the SOA to review the aggregate file and compare it to data collected for prior observation years.

Recap of Previous Mortality Experience Data Collections
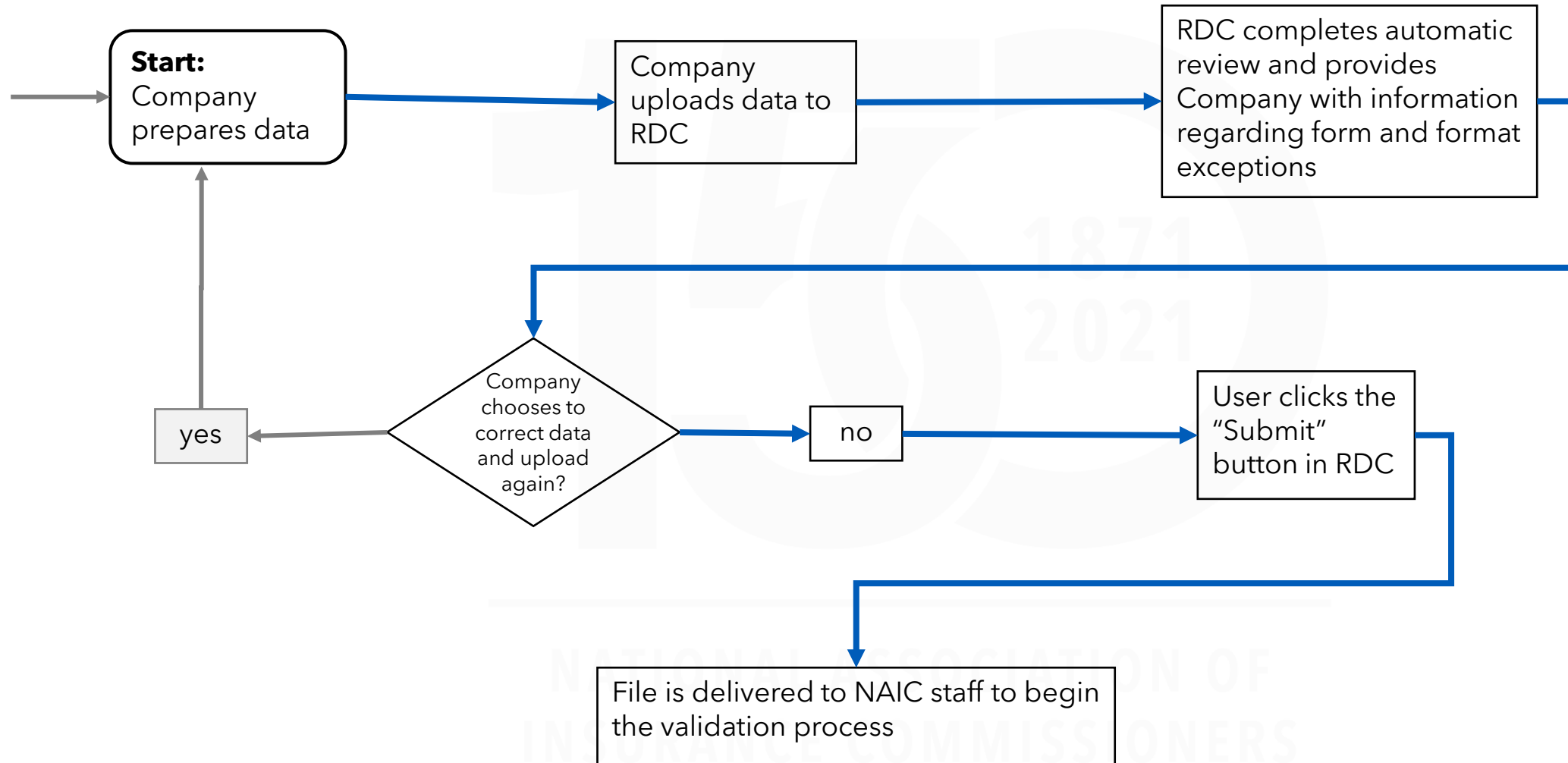## Observation Year 2020

- Data was collected from 105 life insurance companies.

- NAIC staff has prepared spreadsheets containing A/E ratios for each company. These will be uploaded to each company's FTP site in the near future.

- Just as for the 2018 and 2019 observation years, each company must review their A/E and state that it looks reasonable in order for their data to be used in the aggregate file by the SOA.

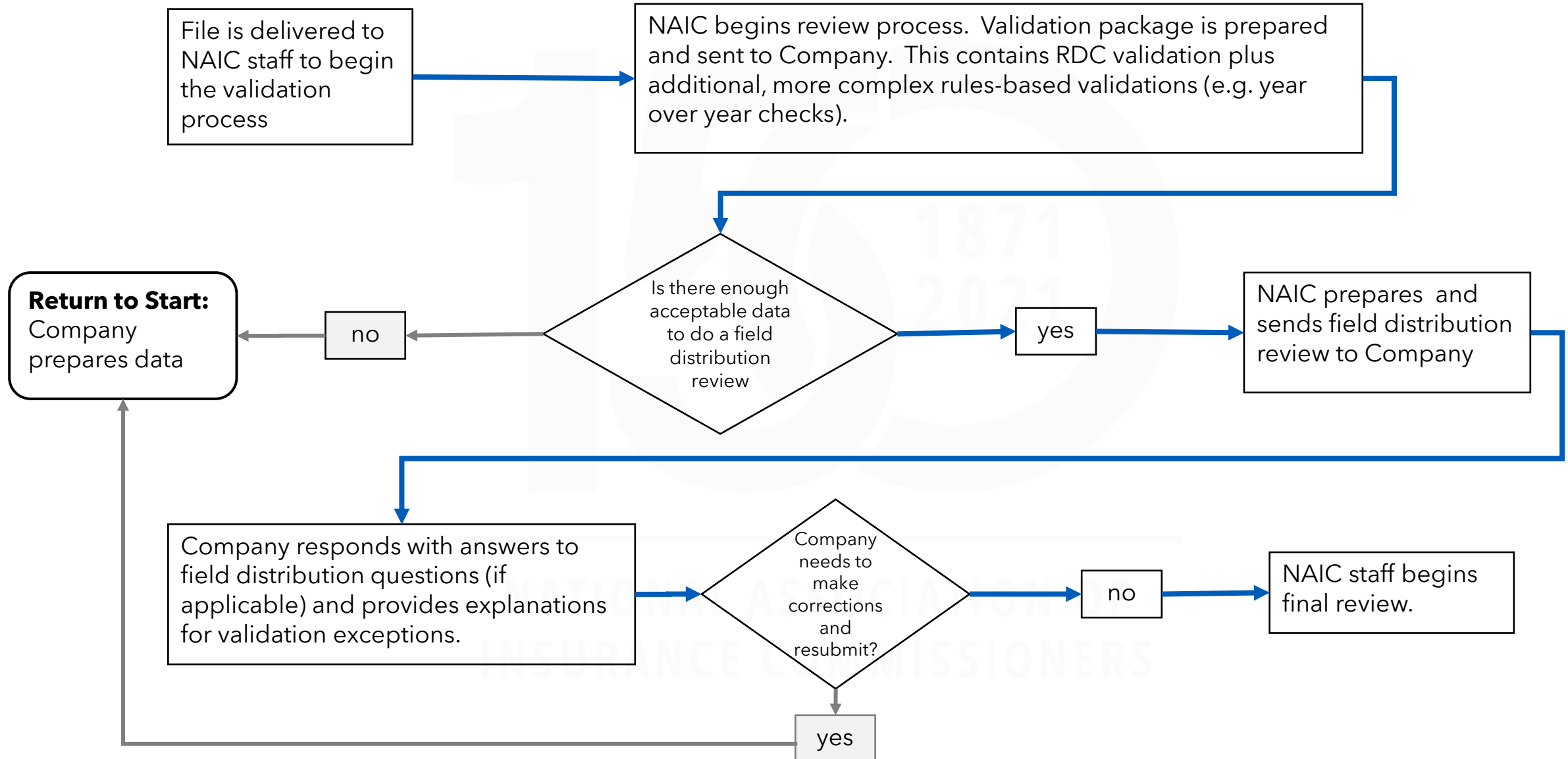# Key Dates for 2023 Mortality Experience Data Collection
Observation Year 2021

- The 2023 data collection (covering the 2021 observation year) will begin on July 3, 2023.

- NAIC staff will send out a blast email to all companies when RDC is opened for the current data collection (anticipated to be July 3, 2023).

- The due date for initial company data submissions is September 30, 2023.

- The due date for final (corrected) company data submissions is February 28, 2024.
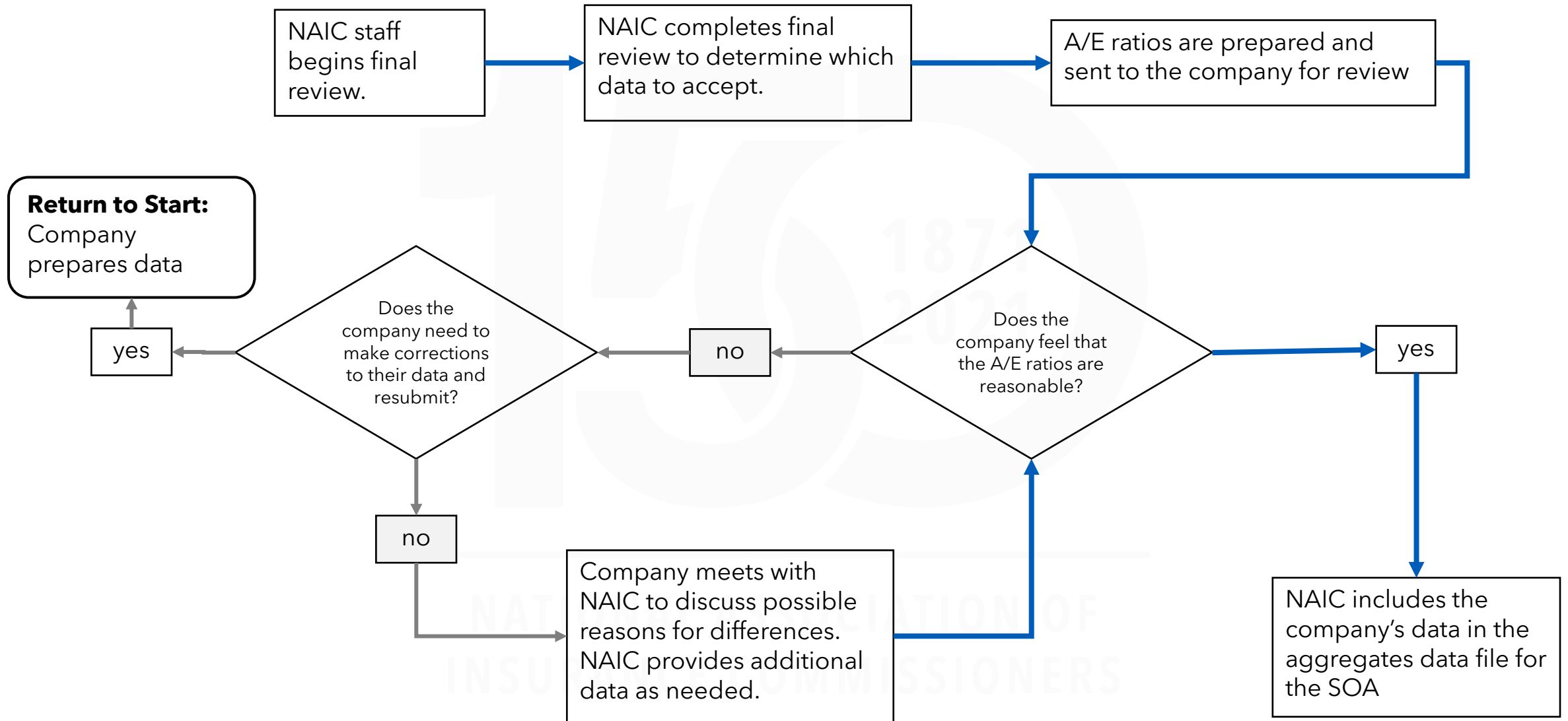
File is delivered to NAIC staff to begin the validation process

NAIC begins review process. Validation package is prepared and sent to Company. This contains RDC validation plus additional, more complex rules-based validations (e.g. year over year checks).

Is there enough acceptable data to do a field distribution review

Return to Start: Company prepares data

no

yes

NAIC prepares and sends field distribution review to Company

Company responds with answers to field distribution questions (if applicable) and provides explanations for validation exceptions.

Company needs to make corrections and resubmit?

no

NAIC staff begins final review.

yes

NAIC staff begins final review.

NAIC completes final review to determine which data to accept.

A/E ratios are prepared and sent to the company for review

Return to Start: Company prepares data

Does the company need to make corrections to their data and resubmit?

yes

no

Does the company feel that the A/E ratios are reasonable?

yes

no

Company meets with NAIC to discuss possible reasons for differences. NAIC provides additional data as needed.

NAIC includes the company's data in the aggregates data file for the SOA

2023 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 prior data collection will be carried over to the 2023 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. Questions submitted to the NAIC help desk have to be routed to our group, which can cause delays.

2023 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.

2023 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 (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

  - A template is available on the NAIC website. https://content.naic.org/pbr_data.htm (Scroll to the VM-50/VM-51 Experience Reporting section).

  - Note that certain fields in the reconciliation are expected to tie to the Control Totals.

  - Any discrepancies must be explained.

2023 Mortality Experience Data Collection
Key Points to Remember

- The NAIC will prepare a "pre-screen" spreadsheet to check for significant shifts in the year over year distribution of various fields (e.g. gender, underwriting type, etc.).

- In the event there are questions regarding the differences in these fields, the NAIC will send the "pre-screen" spreadsheet to the company for verification / explanation.

  - The company will only receive the "pre-screen" spreadsheet if there are questions regarding the field distributions.

- In the event of a major shift in distributions, the NAIC may wait for the company's response before preparing the validation package.

2023 Mortality Experience Data Collection
Key Points to Remember

- Field distribution packages will be prepared and sent to all companies that have at least 50% of their file acceptable.

- Review all feedback from the NAIC and respond accordingly.

  - Validation Package feedback may require a resubmission or explanation of exceptions.

  - Field Distribution Review Package may contain specific questions regarding the company's distribution of business. **Please note: companies must respond to the questions in the field distribution review (if applicable).**

2023 Mortality Experience Data Collection
What's New in 2023? - New Plan Codes

- An amendment to the *Valuation Manual* was adopted that added two plan codes for coverages purchased with dividends.

- During the 2022 data collection we asked companies to incorporate these plan codes on a voluntary basis.

- With the adoption of the *Valuation Manual* amendment, these plan codes are no longer voluntary.

Coverage purchased with dividends:
196 – Paid Up Additions
197 – One Year Term

2023 Mortality Experience Data Collection
What's New in 2023? - New Cause of Termination

- An amendment to the *Valuation Manual* was adopted that added a cause of termination due to COVID-19 deaths. This was done at the request of the Society of Actuaries.

- During the 2022 data collection we asked companies to incorporate this code on a voluntary basis.

- With the adoption of the *Valuation Manual* amendment, this code is no longer voluntary.

- The Data Dictionary on the NAIC website gives guidance as to what constitutes a COVID-19 death.

Cause of Termination:

05 – Death due to COVID-19

2023 Mortality Experience Data Collection
Additional Guidance – Multiple Preferred Class Structure

- There have been different company interpretations on how preferred class structure data elements should be handled. The following examples are intended to clarify how to code VM-51 Appendix 4 data elements #12-#17 under various situations.

- For simplicity in the examples below Smoker Status=4 was used for smoker and Smoker Status=2 was used for nonsmokers.

2023 Mortality Experience Data Collection
Additional Guidance – Multiple Preferred Class Structure

Example 1 – Nonsmokers have a preferred class structure but Smokers do not

The company issued policies under a structure where there is a preferred nonsmoker class, standard nonsmoker class and a standard smoker class. In this circumstance, there is a preferred class structure for nonsmokers (i.e. preferred class structure indicator = 1) but there is no preferred class structure for smokers (i.e. preferred class structure indicator = 0). Where the preferred class structure indicator is 0, Data Elements #14-17 must be left blank. Do not code these Data Elements with a 0 or 1. The minimum number of classes in a preferred class structure is 2.

	Data Item 12- Smoker Status	Data Item 13- Preferred Class Structure Indicator	Data Item 14- Number of Classes in Nonsmoker Preferred Class Structure	Data Item 15- Nonsmoker Preferred Class	Data Item 16- Number of Classes in Smoker Preferred Class Structure	Data Item 17- Smoker Preferred Class
Standard smoker	4	0	Leave Blank	Leave Blank	Leave Blank	Leave Blank
Preferred nonsmoker	2	1	2	1	Leave Blank	Leave Blank
Standard nonsmoker	2	1	2	2	Leave Blank	Leave Blank

2023 Mortality Experience Data Collection
Additional Guidance – Multiple Preferred Class Structure

Example 2 – Nonsmoker preferred class structure has 3 classes

The company issued policies under 3 classes in the nonsmoker preferred class structure: Super preferred nonsmoker class, preferred nonsmoker class, and standard nonsmoker class. This should be coded in the data submission as a 3-class nonsmoker preferred class structure with the best class as Class 1 and the standard class as Class 3.

	Data Item 12- Smoker Status	Data Item 13- Preferred Class Structure Indicator	Data Item 14- Number of Classes in Nonsmoker Preferred Class Structure	Data Item 15- Nonsmoker Preferred Class	Data Item 16- Number of Classes in Smoker Preferred Class Structure	Data Item 17- Smoker Preferred Class
Super Preferred nonsmoker	2	1	3	1	Leave Blank	Leave Blank
Preferred nonsmoker	2	1	3	2	Leave Blank	Leave Blank
Standard nonsmoker	2	1	3	3	Leave Blank	Leave Blank

2023 Mortality Experience Data Collection
Additional Guidance – Multiple Preferred Class Structure

Example 3 – There is no preferred class structure for Nonsmokers or Smokers
The company issued policies as either smoker or nonsmoker (i.e., no preferred classes were offered). In this instance, this is not considered a multiple preferred class structure. The preferred class structure indicator should be 0 and Data Elements #14-17 must be left blank.

	Data Item 12- Smoker Status	Data Item 13- Preferred Class Structure Indicator	Data Item 14- Number of Classes in Nonsmoker Preferred Class Structure	Data Item 15- Nonsmoker Preferred Class	Data Item 16- Number of Classes in Smoker Preferred Class Structure	Data Item 17- Smoker Preferred Class
Nonsmoker	2	0	Leave Blank	Leave Blank	Leave Blank	Leave Blank
Smoker	4	0	Leave Blank	Leave Blank	Leave Blank	Leave Blank

2023 Mortality Experience Data Collection
Additional Guidance – Multiple Preferred Class Structure

Example 4 – Preferred class structure has minimum qualifying face amounts
The company issued policies under 2 nonsmoker classes in a multiple preferred class structure and 2 smoker classes in a multiple preferred class structure. The product offers preferred classes starting at a minimum face amount of 100K.

	Data Item 12- Smoker Status	Data Item 13- Preferred Class Structure Indicator	Data Item 14- Number of Classes in Nonsmoker Preferred Class Structure	Data Item 15- Nonsmoker Preferred Class	Data Item 16- Number of Classes in Smoker Preferred Class Structure	Data Item 17- Smoker Preferred Class
Smoker with 50K face amount	4	0	Leave Blank	Leave Blank	Leave Blank	Leave Blank
Preferred smoker with 150K face amount	4	1	Leave Blank	Leave Blank	2	1
Standard smoker with 150K face amount	4	1	Leave Blank	Leave Blank	2	2
Preferred nonsmoker with 200K face amount	2	1	2	1	Leave Blank	Leave Blank
Standard nonsmoker with 100K face amount	2	1	2	2	Leave Blank	Leave Blank
Nonsmoker with 75K face amount	2	0	Leave Blank	Leave Blank	Leave Blank	Leave Blank

2023 Mortality Experience Data Collection
Additional Guidance – Multiple Preferred Class Structure

Example 5 – Policies were issued with no smoker/nonsmoker distinction

The company issued policies prior to 1980 when there was no difference in premium between smokers and nonsmokers (i.e., there were no smoker or nonsmoker classes). In this case the smoker status should be coded as 0 (Unknown), and the preferred class structure indicator should be coded as 0 since there were no multiple preferred and standard classes available for this policy segment.

	Data Item 12-Smoker Status	Data Item 13-Preferred Class Structure Indicator	Data Item 14-Number of Classes in Nonsmoker Preferred Class Structure	Data Item 15-Nonsmoker Preferred Class	Data Item 16-Number of Classes in Smoker Preferred Class Structure	Data Item 17-Smoker Preferred Class
Records issued without smoker/nonsmoker distinction	0	0	Leave Blank	Leave Blank	Leave Blank	Leave Blank

2023 Mortality Experience Data Collection
Additional Guidance – Paid Up Additions & One Year Term

- Our original guidance regarding coverages purchased with dividends was that the issue date should be the date the first such coverage was issued.

- In many cases, companies do not retain that date.

- We have now revised our guidance.
  - All coverages purchased with dividends should have the issue date equal to the issue date of the base policy.
  - The underwriting type of any coverages purchased with dividends should be the same as the base policy.

- Do not use the current observation year as the issue date.

2023 Mortality Experience Data Collection
Resources on the web
https://content.naic.org/pbr_data.htm
(Scroll to the VM-50/VM-51 Experience Reporting section).

- 2021 & 2022 Training Webinars (2023 Training will be added to the website soon)

- RDC Submission Instructions

- Company Administrator Guide

- Templates for Control Totals, Reconciliation, and VM-51 Appendix Questionnaires

- VM-51 Data Validations

- Data Dictionary

Questions?

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