

THE MORTALITY OF HOLDERS OF TEMPORARY ASSURANCES ISSUED IN THE UNITED KINGDOM, 1999-2002

This report contains commentaries on the mortality experiences of holders of traditional, standalone temporary assurance policies for both males and females. It includes brief reports on the mortality of holders of temporary assurance policies effected in conjunction with personal pension policies under Section 637(1) of the ICTA 1988.

The exposed to risk and deaths over the last four quadrennia are shown for each subgroup in Table TEMP 0.1. This, and subsequent tables relating to the text, will be found on pp 33 to 39. The effect of smoking on mortality for this class of business is covered in a separate report on pp 95 to 120.

1. TEMPORARY ASSURANCES ON MALE LIVES

1.1 *Traditional standalone policies written on standard medical evidence*

The policies included in this group are those issued after a full medical examination and those issued after the completion of a comprehensive medical questionnaire, with or without a medical attendant's report. The analyses for this group are shown in table TEMP 1.1.1. The comparison basis is the TM92 table. As with the permanent assurances, 'bridging factors' have been applied to estimate the 100A/Es for 1991-1994.

Looking at the duration 0 experience detailed in TEMP 1.1.1, overall there has been an improvement in the level of mortality recorded over the three quadrennia shown. Looking at each age group individually, there were no instances where experience deteriorated between 1995-1998 and 1999-2002. In *C.M.I.R.* 19 it was noted that the mortality experience of the age group 46-60 in 1995-1998 was very low when compared with previous quadrennia. For 1999-2002, it appears that the other age groups have followed suit.

At durations 1 to 4 there has been an improvement in the mortality recorded at nearly all ages over the three quadrennia shown. Only ages 31-40 have experienced a deterioration since 1995-1998. The overall fall in the value of 100A/E between 1995-1998 and 1999-2002 is of broadly similar magnitude to the value of the fall seen between 1991-1994 and 1995-1998.

At durations 5 and over there has also been an improvement in mortality at nearly all ages over the three quadrennia shown. Higher mortality was recorded in 1999-2002 than in 1995-1998 for ages below 30 and, to a lesser extent, for the 46-50 age group. Again, the overall fall in the value of 100A/E between 1995-1998 and 1999-2002 was similar to the value of the fall seen between 1991-1994 and 1995-1998.

For each of the duration groups the recorded mortality is well below that expected on the TM92 table of mortality in 1999-2002. The improvement is greatest at duration 0 and then at durations 1 to 4.

The comparison basis used in table TEMP 1.1.2 is AM92. From this table it can be seen that at durations 0 and 1 temporary assurance mortality experience is well below that of standard evidence permanent assurances.

At durations 2 and over, the temporary assurance 100A/E ratios are below those for the permanent assurance experience at all ages. The differences are greatest for ages below 45 and also for the 66-70 age group. It is likely that the younger ages will also tend to be the more select business (i.e. shorter durations).

1.2 *Assurances effected in conjunction with personal pensions under Section 637(1) of the ICTA 1988*

The experience is shown in table TEMP 1.2.1. In the 1999-2002 experience the greater number of deaths at durations 5 and over shows the growing maturity of the investigation. For duration 0 and durations 1 to 4 the total number of deaths is still relatively small, indicating a lack of new business being recorded for this investigation, and does not allow firm conclusions to be drawn. However, when compared with the standalone category the mortality at these durations is higher, and in relative terms appears to have worsened since 1995-1998. At durations 5 and over the experience remains lower than that of the standalone category, though not to the same extent as that observed in 1995-1998.

2. TEMPORARY ASSURANCES ON FEMALE LIVES

2.1 *Traditional standalone policies written on standard medical evidence*

The experience is shown in table TEMP 2.1.1.

At duration 0 a consistent overall improvement in the level of mortality experienced has been recorded. However, the number of deaths is small and too much should not be read into this.

At durations 1 to 4 the 1999-2002 experience shows an improvement in mortality in all age groups except for 56-65. Except for ages 61-65, the 1999-2002 experience is much lighter than the TF92 mortality table and particularly so at ages below 45 and above 70.

At durations 5 and over there has been an improvement in mortality over the three quadrennia. Between ages 35 and 65 (where most of the deaths are recorded), the 1999-2002 experience follows a similar pattern to the TF92 table but the actual number of deaths recorded is some 15% lower than expected from this table. Below age 35 the experience is significantly lower than this level and above age 65 it is significantly higher. In particular, the TF92 table understated mortality in 1999-2002 for ages 66-75.

Table TEMP 2.1.2 compares the experience of the temporary assurance data with that of the permanent assurances. As for males, at durations 0 and 1 the temporary assurance mortality experience is well below that of standard evidence permanent assurances.

At durations 2 and over the temporary assurance mortality experience is generally lower at all ages except 66-75, and overall the experience is significantly lower.

2.2 *Assurances effected in conjunction with personal pensions under Section 637(1) of the ICTA 1988*

The experience is shown in table TEMP 2.2.1. The number of deaths is too small for any significant conclusions to be drawn. However for all duration groups the experience recorded was lower than that of the TF92 table and, as with the male experience, the mortality at durations 5 and over was heavier than in 1995-1998.

Table TEMP 0.1 Temporary assurances, combined, all durations: exposed to risks and deaths.

Investigation	1999-2002		1995-1998		1991-1994		1987-1990	
	Exposed to risk (000)	Actual deaths	Exposed to risk (000)	Actual deaths	Exposed to risk (000)	Actual deaths	Exposed to risk (000)	Actual deaths
<i>Males</i>								
Temporary assurances	3,289	6,564	3,099	6,654	3,901	8,664	4,392	9,117
Temporary assurances – 637(1) of ICTA 1988	712	1,224	495	550	253	275	188	88
Total	4,001	7,788	3,594	7,204	4,155	8,939	4,580	9,205
<i>Females</i>								
Temporary assurances	2,555	2,616	1,970	2,020	1,940	1,928	1,559	1,255
Temporary assurances – 637(1) of ICTA 1988	216	205	167	124	88	39	55	9
Total	2,771	2,821	2,138	2,144	2,028	1,967	1,614	1,264

Table TEMP 1.1.1. Temporary assurances, males, 1999-2002, all data: actual deaths and ratios of actual deaths to those expected using the TM92 table, together with comparisons of 1995-1998 and 1991-1994.

Age group (nearest ages)	Actual deaths 1999-2002	100A/E 1999-2002 (using TM92)	100A/E 1995-1998 (using TM92)	100A/E 1991-1994 (using TM92)
Duration 0				
16-30	17	47	71	68
31-45	79	50	77	97
46-60	143	57	57	102
61-75	55	48	77	104
16-75	294	53	67	99
Durations 1-4				
21-30	36	58	70	103
31-35	76	69	58	84
36-40	115	74	67	95
41-45	124	64	84	111
46-50	157	63	87	102
51-55	264	70	81	95
56-60	263	72	84	95
61-65	179	62	82	103
66-70	120	59	92	109
71-75	82	72	110	116
76-80	40	67	84	60
21-80	1,456	67	82	100
Durations 5+				
26-30	15	91	71	82
31-35	50	76	77	98
36-40	127	83	86	96
41-45	272	83	92	104
46-50	563	84	82	106
51-55	958	77	93	99
56-60	1,071	78	85	94
61-65	840	79	85	99
66-70	364	73	88	106
71-75	320	87	108	98
76-80	188	88	96	106
26-80	4,768	80	88	99

Table TEMP 1.1.2. Temporary assurances, males, 1999-2002, all data: comparison of temporary assurance mortality with that for permanent assurances using the AM92 tables for both data sets, together with the 1995-1998 equivalent.

Age group (nearest ages)	1999-2002 100A/E (AM92)		1995-1998 100A/E (AM92)	
	Temporary	Permanent	Temporary	Permanent
Duration 0				
21-80	46	79	60	98
Duration 1				
21-80	47	81	63	92
Duration 2+				
21-25	49 *	112	89 *	113
26-30	71	81	69	90
31-35	75	87	72	91
36-40	77	87	80	94
41-45	75	89	88	94
46-50	77	81	81	91
51-55	73	77	88	90
56-60	73	78	82	89
61-65	71	74	80	88
66-70	63	75	83	91
71-75	77	79	100	92
76-80	78	83	89	92
21-80	73	78	84	90

* Ratio based on fewer than 10 actual deaths.

Table TEMP 1.2.1. Temporary assurances effected under section 637(1) of the ICTA 1988 (i.e. in conjunction with personal pensions), males, 1999-2002, all data: actual deaths and ratios of actual deaths to those expected using the TM92 table, together with comparisons of 1995-1998 and 1991-1994.

Age group (nearest ages)	Actual deaths 1999-2002	100A/E 1999-2002 (using TM92)	100A/E 1995-1998 (using TM92)	100A/E 1991-1994 (using TM92)
Duration 0				
All ages	32	80	72	98
Durations 1-4				
21-35	17	61	66	77
36-40	21	81	102	108
41-45	34	103	92	101
46-50	38	88	87	111
51-55	41	67	87	131
56-60	39	77	80	102
61-65	24	90	68	158
21-65	214	80	83	110
Durations 5+				
21-35	18	58	69	
36-40	43	71	77	
41-45	88	81	57	
46-50	156	85	76	
51-55	230	74	59	
56-60	249	75	70	
61-65	167	71	60	
21-65	951	75	67	78

Table TEMP 2.1.1. Temporary assurances, females, 1999-2002, all data: actual deaths and ratios of actual deaths to those expected using the TF92 table, together with comparisons of 1995-1998 and 1991-1994.

Age group (nearest ages)	Actual deaths 1999-2002	100A/E 1999-2002 (using TF92)	100A/E 1995-1998 (using TF92)	100A/E 1991-1994 (using TF92)
Duration 0				
All ages	103	71	84	98
Durations 1-4				
21-30	10	31	56	70
31-35	34	52	54	100
36-40	49	50	73	94
41-45	63	57	72	109
46-50	83	71	93	111
51-55	87	71	95	108
56-60	74	87	87	73
61-65	58	110	102	113
66-70	29	83	117	143
71-75	15	57	93	64
76-80	8	30 *	66	123
21-80	510	66	83	100
Durations 5+				
26-35	45	59	93	89
36-40	141	86	87	92
41-45	252	88	81	101
46-50	334	85	95	94
51-55	359	82	100	116
56-60	274	88	102	99
61-65	142	81	107	108
66-70	140	105	123	97
71-75	177	111	94	108
76-80	103	95	111	70
26-80	1,967	88	96	100

* Ratio based on fewer than 10 actual deaths.

Table TEMP 2.1.2. Temporary assurances, females, 1999-2002, all data: comparison of temporary assurance mortality with that for permanent assurances using the AF92 tables, together with the 1995-1998 equivalent.

Age group (nearest ages)	1999-2002 100A/E (AF92)		1995-1998 100A/E (AF92)	
	Temporary	Permanent	Temporary	Permanent
Duration 0				
21-80	57	82	67	120
Duration 1				
21-80	62	110	91	113
Duration 2+				
21-25	-	57 *	45 *	64
26-30	23 *	97	73	88
31-35	58	76	75	85
36-40	75	74	80	91
41-45	77	87	74	92
46-50	78	93	88	96
51-55	76	90	92	94
56-60	84	86	93	90
61-65	81	82	97	89
66-70	100	87	116	87
71-75	104	100	84	95
76-80	83	102	101	103
21-80	80	90	88	92

* Ratio based on fewer than 10 actual deaths.

Table TEMP 2.2.1. Temporary assurances effected under section 637(1) of the ICTA 1988 (i.e. in conjunction with personal pensions), females, 1999-2002, all data: actual deaths and ratios of actual deaths to those expected using the TF92 table, together with comparisons of 1995-1998 and 1991-1994.

Age group (nearest ages)	Actual deaths 1999-2002	100A/E 1999-2002 (using TF92)	100A/E 1995-1998 (using TF92)	100A/E 1991-1994 (using TF92)
Duration 0 All ages	3	46 *	114	102 *
Durations 1-4 All ages	47	83	107	72
Durations 5+ All ages	155	82	72	110 *

* Ratio based on fewer than 10 actual deaths.