

هيئة التأمين  
Insurance Authority



GULF ACTUARIAL SOCIETY



Munich RE 

# UAE Life Insurance Mortality Study

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JOINT INITIATIVE BY

INSURANCE AUTHORITY (IA)

GULF ACTUARIAL SOCIETY (GAS)

MUNICH RE

# Background

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- **Rapidly evolving UAE insurance industry e.g.**
  - regulatory change with enhanced disclosure requirements
  - new products
  - technological advancements
- **Industry-wide mortality study is next natural step after IA's initiative to regulate life insurance business** (circular no. 12 in 2017)
- **Insured mortality/morbidity tables are crucial to the development of the life insurance industry by:**
  - enabling the identification of statistically relevant risk factors
  - providing a sound basis for future product development (particularly for small/new life insurance companies without own experience)
  - enabling the regulator to set mortality/morbidity assumptions for valuation of life insurance policies
  - facilitating the benchmarking of company-specific experience against the pooled experience
  - enhancing the calculation of embedded value calculations
  - enabling the tracking - and even projection - of mortality trends over time
- **Many countries have developed their own mortality tables with actuarial bodies/regulators leading the project**
- **IA has agreed to setup a project to carry out UAE insured mortality/morbidity study**
- **Munich Re has committed to fully support this study by offering the expertise of a dedicated experience study team**

# Objectives (1)

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Key objectives are to :

1. develop for UAE life insurance industry a:
  - Individual Life Assured Mortality table
  - Group Life Assured Mortality table
2. arrive at crude incidence rates for at least the following supplementary benefits:
  - Total and Permanent Disability
  - Critical Illness
  - Accidental Death
3. analyze the impact of
  - Type of underwriting (i.e. guaranteed issue, simplified issue, non-medical, medical)
  - selection effect of underwriting by policy year
  - product type (e.g. term life, credit insurance, non-investment linked, investment linked etc)
  - Nationality
  - Smoker vs Non-Smoker
4. study the industry lapse rates by product type

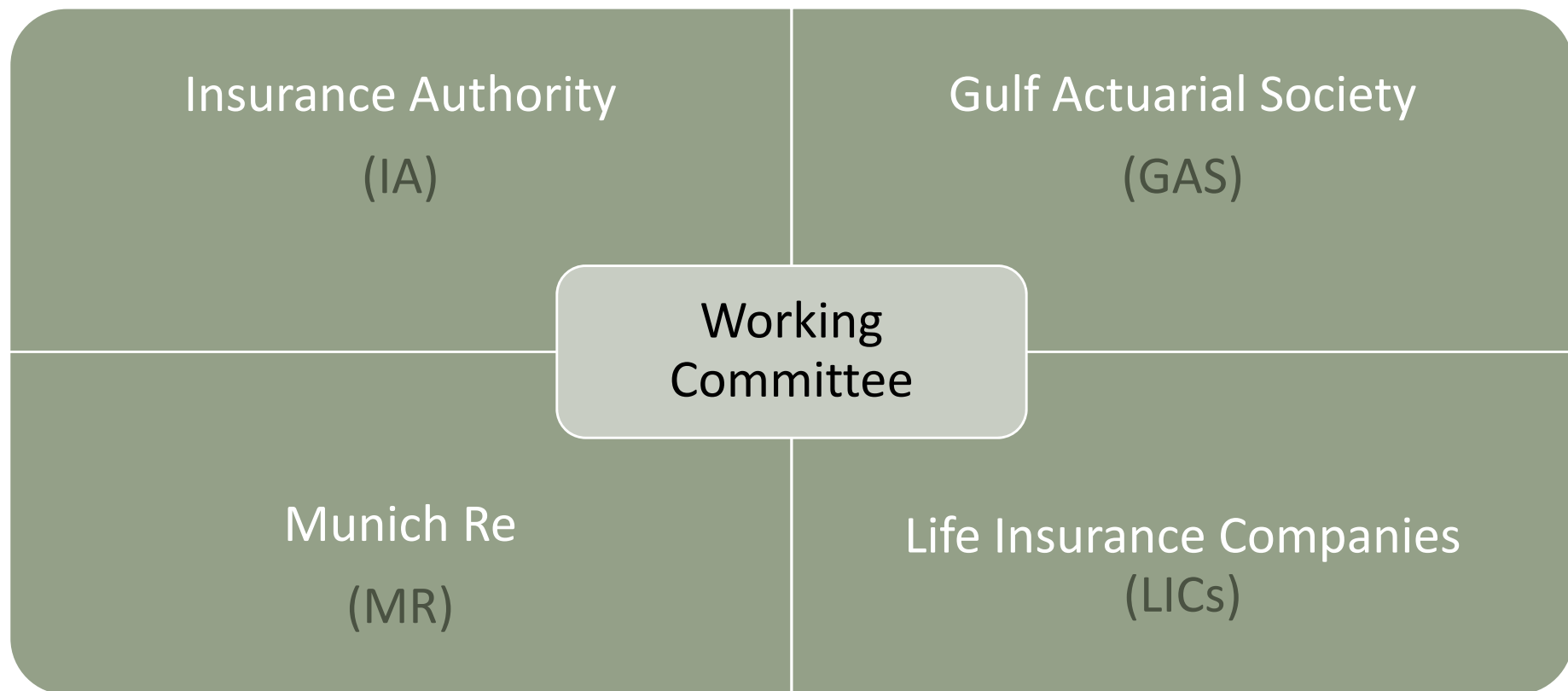
## Objectives (2)

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In addition to carrying out the study, the project will have the additional objective to set up a framework allowing future studies to be carried out. This will include:

- Setting up data templates
- Defining guidelines on refining and validating data
- Developing experience study models to arrive at crude results and graduating tables
- Training of IA's staff to collect, refine and validate data and running models
- Defining process to setup 'Working Group' which would include senior members of GAS and IA
- Defining the responsibilities of the 'Working Committee'
- Timelines for future studies

# Key Stakeholders



# Project Plan

## Key Activities of Working Committee

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1. Draft of Terms of Reference and circulate to all stakeholders
2. Design and circulate Data Requirement Template (DRT), ensuring Data Confidentiality Agreements are all in place
3. Conduct a Seminar to explain the DRT to all actuaries and answer any questions
4. Collect all data from LICs
5. Verify data (MR Experience Study Team onsite in IA office) and request revisions if required
6. Experience Study (MR, with review from WC)
7. Prepare Report on findings (WC, with review from IA)
8. Conduct a Seminar to explain findings and collect feedback
9. Revise report, final review and handover of tools, models and documentation to IA



# Key Challenges

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- Data extraction
- Data quality
- Data credibility - sufficient to carry out the planned analysis
- Frequency and execution of future experience studies
- Ensuring that results are received as intended – fluid “Working Party” approach vs concrete base table



# Why Munich Re?

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- Established presence in the UAE market with fully operational office in Dubai
- Dedicated Experience Study team in Singapore with specialized software for large data and experience studies
- Involvement in industry-wide mortality studies in multiple countries
- Professional standards to ensure adherence to data confidentiality requirements





# Current Status

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- Secured in-principle approval from IA
- Drafting of 'Terms of Reference'
- Designing Data Templates
- Aiming to complete by end-2018



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Thank you

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