



Continuous Mortality Investigation

Institute and Faculty of Actuaries

July 2019

Request for information on a potential study into mortality experience and persistency under Whole of life policies

Introduction

The CMI's most recent analysis of mortality experience under Whole of life policies covered the years 2007-2010 (see [Working Paper 75](#), issued in 2014) and the Assurance Committee's subsequent focus has been on term assurances (the most recent results, for 2011-2016 were released recently alongside [Working Paper 123](#)). Further, no relevant tables have been produced since the "00" Series tables, based on 1999-2002 data.

We are keen to seek the views of providers on a potential study covering:

- Mortality and persistency;
- Underwritten and non-underwritten ("Guaranteed acceptance") whole of life policies; and
- For the years 2011-2018.

Note:

- For current purposes, we define "Guaranteed acceptance" policies as contracts that are not subject to any medical underwriting at outset, have a claims moratorium (usually 1 or 2 years) and are generally sold for modest sums assured.
- We are NOT proposing to collect data on critical illness products, as we believe there is a limited volume of such business.

The results of the study will enable data contributors to benchmark their experience relative to other participants. We also expect to produce mortality tables based on this data.

This paper provides an outline of the data we would be seeking and the analyses we would undertake. We have then set out a short set of questions; **we request responses to these questions by 5 September 2019**. If you would like to arrange a short meeting or call before providing responses, please let us know on assurances@cmilimited.co.uk or 020 7776 3820.

What data would we need to supply?

The CMI would adopt a flexible approach to data, seeking to keep the number of compulsory fields to a minimum, thereby making data submission as easy as possible for providers whilst still enabling us to produce valuable aggregated results.

Details of the data that the CMI would need are contained in the Appendix to this note.

For the avoidance of doubt, we do not seek personal information such as name and address and would apply other safeguards to avoid the data being considered personal data, in the context of data protection legislation.

Who will have access to our data?

Data submitted to the CMI, in any form, is subject to the [Terms and Conditions for Data Contributors](#), and is processed in accordance with CMI's Data Handling Protocols which address both data protection considerations and protecting the confidentiality of individual contributors' data. These are available on request.

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Continuous Mortality Investigation Limited ("CMI") is registered in England & Wales (Company number: 8373631) with its Registered Office at: 7th floor, Holborn Gate, 326-330 High Holborn, London, WC1V 7PP

What would the CMI do with our data?

Initial checks will be applied to ensure that we understand the data you have supplied; this will be done as soon as possible and we will then let you know whether we are able to proceed. In some cases we will need to check our understanding of your data but we will seek to keep the number of queries to a minimum by focussing only on issues material to the results.

When the processing of your data is complete, we will send you a “data report”, summarising the assumptions and mappings that we have applied to your data, and office-specific results. These office-specific results will cover each individual year and the overall period for which data is submitted. You will be asked to review the data report and the results to ensure that we have not misinterpreted your data.

Once the data collection exercise is complete, aggregated (“all offices”) results will be shared with members of the CMI Assurances Committee, who will review the results and assist in their interpretation. The information supplied to the Committee may indicate the variability of experience between providers but would not reveal the experience of any particular provider. The results will then be made available to all CMI subscribers; as will commentary on key features, in a Working Paper.

Any further analysis of the data – and potentially, the production of mortality tables – will be considered at this stage, when we have a clear idea of the volumes of data and its quality. We will advise data contributors of such plans in advance.

The CMI may also make high-level results available more widely, for example via articles in *The Actuary* magazine or presentations open to all members of the IFOA.

Future analyses

At this stage, we are proposing a one-off study for the years 2011-2018; however, we are also seeking views on whether providers would prefer to submit data annually in future.

What should we do now?

1. Consider whether or not, in principle, you are interested in participating in this study.
2. If so, consider if it is feasible for you to submit data. Specifically, please let us know:
 - a. Would you be able to supply data for all years, 2011-2018? If not, please indicate the years for which you could supply accurate data.
 - b. Do you agree with our proposed scope; specifically:
 - i. To analyse mortality and persistency;
 - ii. To differentiate products between underwritten with surrender values, underwritten without surrender values, and guaranteed acceptance; and
 - iii. To exclude critical illness products?
 - c. A target date for submitting data if we were to confirm this is proceeding in mid-October.
 - d. Your key contact for this exercise.
3. We also ask that you provide us with:
 - a. The number of Whole of life policies in force at 31 December 2018 under each of: underwritten with surrender values, underwritten without surrender values, and guaranteed acceptance.
 - b. The number of deaths under Whole of life policies in 2017 under each of: underwritten with surrender values, underwritten without surrender values, and guaranteed acceptance.
4. If we propose to undertake similar analyses in future:
 - a. Would you prefer to submit data annually, or less frequently (e.g. every four years)?
 - b. If you currently submit term assurance data to the CMI, would you prefer to provide whole of life data alongside your term assurance submission, or separately?

This information will help us understand the context of providers’ responses – individual firm’s responses will be confidential to the CMI Secretariat (and will not be disclosed to members of the CMI Assurances Committee). They will be used only to give the Committee information on providers’ views on the scope and an indication of the overall size of the dataset the CMI may be able to collect.

Please send responses to these points to assurances@cmilimited.co.uk by **5 September 2019**.

Appendix: CMI Data submission guidelines for Whole of life policies

Flexibility

We recognise that the resources necessary to convert data from an office's own database(s) into a rigidly specified format may discourage a potential contributor. Clearly though, each office's data will have to be converted into a standard format before being combined with other offices' data; so the CMI Secretariat needs enough explanatory information regarding your data to enable us to format the data appropriately. An accompanying explanation of the data fields and approach used would be greatly appreciated.

If possible, we encourage you to submit data files that you use for other purposes, such as internal experience analyses; these should necessitate less work for you to submit data and should also mean that the results we send back to you are more consistent with your own results.

We suggest you consider the data you can submit and then contact the Secretariat at an early stage, to agree whether the data meets the CMI's needs. In particular, it may be helpful if you submit a small volume of "test" data to allow the Secretariat to provide an opportunity for any issues to be resolved in advance of preparing a full data submission.

Personal data

Data supplied to the CMI must not include name, address or postcode of any policyholder. Consequently, the vast majority of records within a CMI dataset could not be related to a particular individual and would not, therefore, constitute "personal data" under data protection legislation. However, a few records may fall within the legal definition and we therefore:

- 1 Seek to minimise this likelihood by using rounded dates of birth and capping benefit amounts (see below) in the data we use; and
- 2 Treat all such data as if it were personal data from a legal and data security perspective.

Principles

The CMI is seeking to compare incurred claims and lapses/surrenders with exposure, calculated on a day-count basis where possible. In order to do this we require:

- Details of each life under each distinct benefit type;
- Details of when each policy went on-risk and off-risk; and
- Additional details regarding claims; the definition of these is considered further below.

In addition, we are seeking to analyse the experience:

- of "similar" product types, so require some product details;
- on an amounts-weighted basis, so require a measure of current benefit amount;
- by sum assured band, so require a measure of initial benefit amount;
- by distribution channel;
- by duration, so require benefits that are subject to new underwriting to be separated from the original policy (but non-underwritten increments should not generate a separate record);
- by year, so the data should allow us to calculate exposure and allocate claims by calendar year; and
- by socio-economic status, as measured by the Index of Multiple Deprivation (IMD).

The principal analyses are intended to cover:

- Individual business only (not group).
- Whole of life policies that pay out on mortality (incl. terminal illness, if applicable); not investment-only products.
- UK business, but small volumes of non-domestic business may be included.
- Underwritten policies should be those issued at normal premium rates only; however:
 - If data volumes permit, the Committee would also produce high-level results for rated lives – it would therefore prefer ALL data to be submitted, with a rated/non-rated indicator.
 - Policies subject to exclusions can be included in data submissions, or excluded; however offices are requested to apply this consistently – in particular between in force records and claims. Please advise which approach you use.
- Direct business, gross of reinsurance.
- Single life and Joint life first event policies; Joint life second death policies should be excluded.

Structure of data files

The CMI is happy to accept data files in a number of structures, including:

- “Movements” data, indicating when policies go on-risk and off-risk within each calendar year.
- “Census” data, comprising in force data at the end of each 31 December (including the prior year) and listings of claims and lapses/surrenders.
- “Policy history” files, including the complete history of a policy in a single record.

Other approaches may also be acceptable – but please discuss them with us first!

Essential data items

The data items that we regard as essential are:

- Record identifier; a unique identifier to enable ready identification of a record should a query arise.
- Gender.
- Date of birth (see below).
- Smoker status (at outset; if sold on differentiated rates).
- Record type (i.e. In force, exit or claim, dependent on the structure of data that is supplied).
- Policy number (or other unique identifier).
- Details of the type of cover (see below).
- Policy Commencement Date.
- Initial Benefit Amount, to allow analysis by amount band (see below).
- Current Benefit Amount, to allow analysis weighted by amounts (see below).
- Whether a policy/life is rated (unless you only supply data on “standard rates” cases).
- Date and type of exit, if applicable:
 - Our preferred field for the date of claim is the date of death (or diagnosis of terminal illness)
 - Type of exit should distinguish between claims, lapses (no surrender value), surrenders (with a surrender value), paid-up policies and refund of premium (on Guaranteed acceptance policies, if death occurs during the moratorium period).

Please talk to us if any of these data items cannot be supplied; other fields may provide the information that we need.

Desirable data items

The following additional data fields are particularly desirable:

- Territory of the life insured at outset (unless the data can be regarded as UK).
- Joint Life/Single Life indicator.
- Level of rating, where a policy/life is rated (if these are included).
- Distribution Channel – distinguishing between Bancassurance, IFA/Multi-tie, Non-intermediated, Single-tie, Direct sales and Unknown (unless the data can be regarded as being from a single channel, in which case please advise us of this alongside the data extract).
- Cause of claim; distinguishing between death and terminal illness.
- Socio-economic indicators – we are keen to receive a measure based on the Index of Multiple Deprivation (IMD) for each record and have made available a postcode mapping tool along with supporting documentation on the [CMI Data](#) page of the IFoA website.

Dates of birth

To reduce the likelihood of individuals being identifiable, we encourage firms to always use “16” as the value for “dd”. However we will accept and process data submissions containing:

- Exact values, but will replace “dd” with “16” for the purposes of our analyses.
- Dates with quarterly- or half-yearly rounding; if so, please advise us of the rounding used.

Note: We do not think that the dates of commencement, claim or exit would be well-known, so this should not make a person more identifiable. We therefore request the exact date here.

Types of cover

The Secretariat needs to be able to distinguish records between:

- Underwritten policies with a surrender value;
- Underwritten policies without a surrender value; and
- Guaranteed acceptance policies.

Large benefit amounts (underwritten business only)

As with exact date of birth, we recognise that very high amounts potentially increase the chance of certain people becoming identifiable. Consequently, for both the initial and the current amount, we encourage firms to provide a value of "9999999" for any record with an amount over £1,000,000. We also ask you to supply the average benefit amount, for those records over £1,000,000; to enable us to determine a suitable value that we can use to re-weight the proxy values in our analyses.

However we will accept and process data submissions containing exact values, but will replace this with the substitute value for the purposes of our analyses.

Claims

We are seeking valid claims, in accordance with the policy terms, settled in each investigation year. If the date of settlement is not available then claims should be identified based upon an alternative date (e.g. date of admission); however the approach used by an office should be consistent between years. No claim should be either omitted or double-counted.

In order to make reporting more accurate and more up-to-date, we are keen to receive:

- Details of how you allow for late-reporting; i.e.:
 - Your allowance for Incurred But Not Settled (IBNS) claims; or
 - Your allowance for Incurred But Not Reported (IBNR) claims plus your pending claims.
- A claims extract, including details of claim dates and cause of claim for each claim.

The following should not be submitted as claims:

- Claims arising during a free cover period, and
- Ex-gratia claims.

Investigation years

We are proposing to seek data for the years 2011 to 2018.

Methods of submitting data

We are happy to accept data from your secure file transfer site or you can use the Barnett Waddingham site – please email us on assurances@cmilimited.co.uk to agree the more convenient approach – in the following file formats:

- Text/CSV – commas should separate each field or the file should be arranged in fixed width format.
- Spreadsheet.
- Database – we request that database formats are Microsoft Access. For offices using different database software, we suggest that data be converted into Text/CSV.

Alternatively, data can be submitted by email but this should ONLY be done if you are confident that the data submission does not include any personal data. Where e-mail is used, the attaching file should, where possible, be compressed. We encourage data contributors to encrypt and password-protect all data files. Passwords should be provided separately (by telephone) from the data.

The Secretariat may be able to accept other commonly used form of electronic data transmission but please contact us beforehand to check.