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Press Release

Milliman releases comprehensive study of life insurance industry mortality and lapse experience results

Study encompasses \$27.8 trillion of mortality exposure and \$26.8 trillion of lapse exposure

Seattle – July 13, 2011 – Milliman has completed one of the largest and most comprehensive life insurance mortality and lapse studies ever undertaken. The study is called MIMSA (Milliman Industry Mortality Study and Analysis) and covers the United States individual life insurance business of 29 companies. MIMSA contains \$27.8 trillion of exposure for mortality and 1.6 million deaths over study years 2000-2009. It also contains \$26.8 trillion of exposure for lapse and 8.1 million lapses. Some of the findings of the study include:

- The overall mortality ratio was 87%, implying better experience than the most recent industry mortality table.
- Some of the largest policies within certain plans, previously thought to have the best mortality experience, actually have worse mortality experience primarily due to non-medical causes of death such as accidents and suicides.
- The overall lapse rate was 4.5%, with level term products having about twice the lapse rate of UL with secondary guarantee products.
- There is a large range of results from company to company for both mortality and lapse.

“We are grateful for the data contributed by our participating companies and are excited to be able to provide valuable insights to our participants and the industry. Our goal was to provide information for important items not covered elsewhere and to make this as valuable a study as possible,” said Al Klein, the primary author of the report and a consultant in Milliman’s Lake Forest, IL office.

Some of the insights provided in MIMSA include data on risk class (including the wearing off of mortality differences on preferred risks and smoker to nonsmoker mortality ratios). It also includes mortality experience on older ages and on substandard, term conversion, and group conversion business. For level term products, there is mortality and lapse experience after the level premium period. Mortality and lapse experience is also provided by many categories including product, distribution channel, premium collection type, and premium mode. Also, cause of death data is available in MIMSA.

“The life insurance industry relies on current and reliable information to be able to bring valuable products to consumers at a fair price. We feel this study will help enhance the industry’s understanding of mortality and lapse and will provide our clients with the type of cutting edge insights they have come to expect from Milliman,” added Bruce Winterhof, Life Practice Director, in Milliman’s Chicago office.



MIMSA is available for purchase. If interested in purchasing the study or for more information, please contact Al Klein at al.klein@milliman.com.

About Milliman

Milliman is among the world's largest independent actuarial and consulting firms. Founded in 1947 as Milliman & Robertson, the company currently has 53 offices in key locations worldwide. Milliman employs over 2,500 people. The firm has consulting practices in healthcare, employee benefits, property & casualty insurance, life insurance and financial services. Milliman serves the full spectrum of business, financial, government, union, education and nonprofit organizations. For further information, visit www.milliman.com

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