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FOR IMMEDIATE RELEASE

Press Release

Milliman study examines simplified issue life insurance products

Mortality and lapse study provides first detailed view into the diverse simplified issue market

Seattle – August 13, 2013 – Milliman, Inc., a premier global consulting and actuarial firm, today announced the availability of new research into simplified issue (SI) insurance products. The study examines both mortality and lapse rates for SI policies written in calendar years 2000-2010. The study encompasses 15 companies, 180 simplified issue plans, 5.4 million policy years of exposure, 54,000 total deaths, and 848,000 lapses. This is the third industry experience study recently completed by Milliman; previous studies focused on the broad life insurance marketplace and on final expense policies.

“Simplified issue life insurance products have grown in popularity in recent years, but the data necessary to drill down in this market has not previously been available,” said Al Klein, co-author of the Milliman Industry Study of Simplified Issue Mortality (MISSIM). “This study gives simplified issue writers a sharper perspective on the underlying mortality and lapse dynamics. Insurers can use this analysis to obtain meaningful information on SI mortality and lapse, such as how experience can vary by age, by target market, and by distribution channel. For example, as measured by actual-to-expected ratios, the experience for the worst target market was over three times that of the best target market. Our clients appreciate the in-depth nature of our studies.”

Pam Hutchins, Senior Vice President and Chief Actuary of GPM Life Insurance Company, said “GPM Life has participated in various Milliman mortality studies since 2010. The results have been used to refine assumptions for cash flow testing and product pricing, and to put GPM in a position to have better experience data as we get closer to a principles-based reserves regime. The pivot tools have been particularly useful for analyzing results. The cause of death information allowed us to look at various causes of death to get a more granular analysis of the source of early claims on final expense products and make decisions on changes to applications.”

The study covers a diverse range of plans, from corporate-owned life insurance (COLI) to final expense policies. In addition to analyzing mortality and lapse information, the study also examines cause of death and underwriting tools used in the SI marketplace. There is also analysis by ZIP code.

For more information or to purchase the study, contact Al Klein at al.klein@milliman.com.

About Milliman

Milliman is among the world’s largest providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. For further information, visit www.milliman.com