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FOR IMMEDIATE RELEASE

Press Release

New Milliman survey reveals 33 out of 40 companies use or plan to use accelerated underwriting in term life insurance

Milliman's Term Life Insurance Issues report details market underwriting trends, sales, profit measures, reserves, risk management and other measures

SEATTLE – JANUARY 29, 2018 – Milliman, Inc., a premier global consulting and actuarial firm, recently released the results of a new broad-based survey on term life insurance, capturing historical data for key industry competitors as well as company perspectives on a range of issues pertaining to these products into the future. The Term Life Insurance Issues report is based on a survey of 40 term insurance companies. It includes detailed information on underwriting trends and other product and actuarial issues such as sales from calendar years 2013 to 2016, profit measures, target surplus, reserves, risk management, product design, compensation, and pricing.

Key findings of the study include:

- The bulk of term sales are non-return of premium (ROP) term (96% of total term sales). This percentage was fairly stable over the survey period.
- The predominant profit measure relative to the pricing of new term products is an after-tax, after-capital statutory return on investment/internal rate of return (ROI/IRR). The average ROI/IRR target reported by survey participants was 8.9% for ROP term products and 9.9% for non-ROP term.
- Of the survey participants planning to implement principle-based reserves, (20) are planning implementation spread over the allowed three-year phase-in period. Similarly, 14 participants plan to implement the 2017 Commissioner's Standard Ordinary (CSO) mortality table over the three-year period allowed. Twelve participants intended to implement the 2017 CSO in calendar year 2017.
- Currently, 17 of the 40 survey participants use accelerated underwriting programs for term life insurance, with an additional 16 participants planning to implement such programs.
- Scoring models are being used by 18 of the 40 participants to underwrite their term policies: nine use purely external scoring models, five additional participants use purely internal scoring models, and the remaining four use both internal and external models. The majority (13) of these participants are using scoring models with their accelerated underwriting programs, with the remaining five using them with other underwriting approaches.

"Carriers are currently dealing with major regulatory actions, and emerging innovations in life underwriting. These recent changes are disrupting the term life insurance market in ways that haven't been seen for some time," says Sue Saip, consultant in Milliman's Chicago office.

The 295 page "Term life insurance issues – Detailed Report" is available for purchase by visiting the Milliman website at <http://www.milliman.com/insight/2018/Term-life-insurance-issues/> or by calling Gina



Ritchie at (312) 499-5605. Participating companies receive a complimentary copy of the detailed report, as well as individual company responses reported on an anonymous basis.

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.

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