



SOCIETY OF ACTUARIES

Article from:

The Actuary

December 1967 – Volume 1, No. 8

CANADIAN GROUP LIFE INSURANCE EXPERIENCE

by Richard D. Baldwin

The Canadian Institute of Actuaries recently made a study of the mortality experience during the calendar years 1963-1965 inclusive under Canadian group term life insurance policies. Twelve companies, currently insuring slightly under two-thirds of the total group life insurance in Canada, contributed data.

The experience was compiled separately for the three common disability provisions: (a) Waiver of Premium Disability Clause; (b) Extended Death Benefit Clause; (c) Total and Permanent Disability Clause.

Tabular claims were based on the 1960 Basic Group Table. The ratios of actual to tabular claims for rated and non-rated industries combined, by number of lives for all policies, were 91.1% for Waiver of Premium, 95.0% for Extended Death Benefit, and 99.2% for Total and Permanent Disability. Ratios from the Society of Actuaries 1960 to 1964 study were 91.9%, 90.9% and 93.0% respectively.

Structure of Study

Several splits were made in the Canadian study which are not available in the Society of Actuaries' results. The material, which was studied by both lives and amounts, was split by: (a) sex; (b) policies under 25 lives and 25

lives and over; and (c) territory and industry.

The amount study did not indicate any substantial adverse selection. The usual low mortality for female lives was evident. The small policies showed the higher mortality, although there was little difference between the results by lives and by amounts.

In order to obtain data which might be useful in rate setting, crude death, disability, and accidental death rates were derived by age under policies covering 25 lives or more in non-rated industries. The rates were based on the

Comparison

The Canadian study, when compared with corresponding rates developed from the Society of Actuaries experience for the period 1960 to 1964 (published in *TSA 1965 Reports*), showed considerable irregularity, a likely consequence of the small volume of data. Compared with the Society data, the Canadian rates are lower for ages 20 and under; about the same at ages 21-25; about 7% higher at ages 26-30; from 3% to 11% lower for ages 31-55. For ages 56-85 the death rates derived from the Canadian study are reasonably close to those developed from the Society experience.

The accidental death rates for the total Canadian experience are higher than those derived from the Society data for ages 21 through 70. The Can-

adian rates were highest at ages 41 to 55; at these ages, they were close to 30% in excess of those in the Society study.

On the other hand, the study shows that the Canadian disability rates are lower than those derived from the Society data for nearly all ages 31 and over, both in the case of policies with the Waiver of Premium Clause and those with the Total and Permanent Disability Clause. □

Variable Annuities

(Continued from page 2)

problems currently being experienced under the 1934 Act, and the SEC's proposed amendments prohibiting the front end load and limiting sales charges in connection with mutual funds.

Task Force 2

The other task force is concentrating on regulatory problems involved where registration under the 1940 Act is not required. This includes consideration of the current SEC review of rules 3c-3 and 156, possible amendment of Section 3(c) (13) of the 1940 Act to give insured pension plans the same treatment as bank trustee plans, and possible future problems under the 1940 Act.

LIAMA has just surveyed its members to determine the extent of their offerings or plans to offer mutual funds, variable annuities, segregated or separate funds and equity-based life products. It is expected that the results of the survey will be published in a few weeks. □