



SOCIETY OF ACTUARIES

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SOCIETY OF ACTUARIES REQUEST FOR PROPOSAL (RFP) SUBJECT: CANCER CLAIMS COST TABLE

I. BACKGROUND

The Cancer Claims Cost Table Work Group (work group) of the American Academy of Actuaries and the Society of Actuaries is seeking bids for the receiving, compiling and analyzing experience data of cancer claims costs. The Work Group, which is chaired by Brad Spenny, is responsible for developing a cancer claims cost valuation table based on this experience data.

II. PURPOSE

The work group will use the data collected in this project to produce a valuation table that will be presented to the NAIC for adoption to be used by companies in setting reserves for cancer policies.

III. PROJECT OBJECTIVES

The objectives of this project are to receive, compile, edit and summarize detailed cancer claim cost data from 2001 through 2011 from approximately 10-20 insurance companies. The project would include interaction with the Work Group, Society of Actuaries staff and the contributing insurance companies. The desired end results would be a comprehensive data base of cancer claim costs aggregated along relevant factors such as age, sex, single vs. family product type and other product groupings.

IV. SPECIFIC COMPONENTS

A draft of the data request specifications is included in the attached document titled Cancer Experience Study Data Requirements. The expected effort of the selected vendor will include the following components:

1. Work with the work group to finalize the data requirements, exhibit formats and reasonableness testing procedures.
2. Prepare summary analysis of contributors' data for verification with contributor, including the reasonableness checking procedures developed with the work group. The vendor should expect to work with the data contributors to cleanse and validate their data submissions and perform multiple iterations of reasonableness testing as the data submissions are received and issues with individual contributor submissions are uncovered.
3. Prepare validation reports including: distributions of exposures and counts across age, sex, single vs. family product type and other product groupings; actual to expected values; and others to be determined.
4. Compare claims cost tables derived from the collected data to NAIC 1985 Cancer Tables.
5. Use flexibility in slicing and dicing results to evaluate claim incidence rates by different combinations of variables, including age, sex, single vs. family product type and other product groupings and volumes.
6. Maintain a fairly rigorous time schedule. Some of the key milestone dates for the project are as follows:

- Data request 04/15/2012
- Data submissions due: 08/15/2012
- Data validation completed by the vendor: 11/15/2012
- Vendor completes all deliverables 12/15/2012
- Proposed valuation table presented to NAIC 08/24/2013

Throughout the project, the selected vendor will work closely with the contributors and the work group to ensure a satisfactory set of compiled data and related outputs.

V. FUNDING

The vendor will be selected based on a comparison of costs and services included. Funding will be provided by the Society of Actuaries.

VI. SCHEDULE

Proposals must be received no later than **January 31, 2012** (a notice of intent to submit a proposal is requested by **January 14, 2012**). The proposal to be funded will be selected by **March 31, 2012**. The work group will select the proposal to be funded in consultation with the SOCIETY OF ACTUARIES after review and evaluation.

VII. VENDOR REQUIREMENTS

Only qualified vendors should present a proposal. Qualified vendors will have actuarial knowledge of cancer insurance coverages, experience in conducting experience studies, data processing staff, sufficient hardware and software to handle the expected volume of data, the ability to maintain data confidentiality and the ability to support the above timeline.

VIII. PROPOSAL

To facilitate the evaluation of proposals, the following information should be submitted:

- A. An outline of the approach to be used, emphasizing data processing capabilities to process the volume of data requested (further details in the requirements documents) and any special expertise you may offer to assist in the completion of the project. Note any special considerations or limitations in achieving the project objectives.
- B. Cost estimates for each component identified in Section IV and further detailed in the requirements documents, including computer time, salaries and report/study preparation. Such estimates can be in the form of hourly rates, but in such cases, time estimates should also be included.

Any guarantees as to total cost should be given and will be considered in the evaluation of the proposal. While cost will be a factor in the evaluation of the proposal, it will not necessarily be the decisive factor.

- C. A schedule for completion of the research, identifying key dates or timeframes. Please refer to the requirements documents and note any significant variations from the rough timeframes.
- D. Suggestions and ideas on the content and form of the final database.
- E. The proposal should be accompanied by an overview of the proposing organization and brief resumes (if appropriate) of key staff to be involved in the compilation of the data. Note any experience on similar studies or background that would be valuable to the effort. The person submitting the proposal must be authorized to speak on behalf of the firm or institution on whose behalf the proposal is submitted.
- F. Provisions for keeping company and policy data confidential.
- G. Any other related factors that give evidence of a proposer's capabilities to perform in a superior fashion should be detailed.

IX. EXPECTED OUTPUT

The project output would include an electronic database of the summarized experience submitted in a format, which would allow analysis, manipulation and reorganization of the data (i.e., "slicing and dicing" of the data). A second project output would be a full database to reside at the SOCIETY OF ACTUARIES office for subsequent analysis of this data.

A report would be prepared summarizing the data collection, validation and review process. This report would be created in a format agreed to by the Committee.

X. SELECTION PROCESS

The work group and the SOCIETY OF ACTUARIES are responsible for reviewing and evaluating the proposals. The SOCIETY OF ACTUARIES, represented by Cindy MacDonald, Senior Experience Studies Actuary, will provide staff support. Input from other knowledgeable individuals also may be sought.

The proposal evaluation will be based on a comparison of costs, services provided and other relevant information as described in Section VIII above.

XI. NOTIFICATION OF INTENTION TO SUBMIT PROPOSAL

If you intend to submit a proposal, please send written or electronic notification by **January 14, 2012**. This will allow us to create a list to distribute additional information and answer questions to all interested parties. Please send your notice of intent to:

Cindy MacDonald
Sr. Experience Studies Actuary
Society of Actuaries
475 N. Martingale Rd., Suite 600
Schaumburg, IL 60173
Phone: (847) 706-3559
Fax: (847) 273-8559
E-mail: cmacdonald@soa.org

XII. QUESTIONS

Any questions regarding this RFP should be directed to:

Cindy MacDonald at the same address as noted above

Questions and responses to questions will be sent to all parties who have indicated the intent to submit a proposal as noted in XI above. Only those who have made a notice of intent will receive this distribution.

XIII. SUBMISSION OF PROPOSAL

If submitting a proposal, please send an electronic version (e.g., Word Document) if possible, or two (2) hard copies of the proposal to Cindy MacDonald at the above address.

Proposals must be received no later than **January 31, 2012**.

Note: Proposals are considered confidential and proprietary.

XIV. PROJECT MONITORING

The Society of Actuaries staff (Cindy MacDonald) will be responsible for oversight of the progress of the study. A Letter of Agreement between the selected vendor and the Society of Actuaries will specify the deliverables, key dates, progress expectations and a payment schedule.

XV. CONDITIONS

The Society of Actuaries reserves the right to not award a contract for these studies or to award them to separate vendors. Reasons for not awarding a contract could include, but are not limited to, a lack of acceptable proposals or a finding that the cost of the proposals received exceeds reasonable and affordable levels. The Society of Actuaries also reserves the right to redirect the project as is deemed advisable.

The Society of Actuaries intends to copyright and publish the results of this work. The research will be considered work-for-hire and all rights thereto belong to the Society of Actuaries. In particular, the data associated with the study will remain the property of the Society of Actuaries.