

**Report
of the
Society of Actuaries
Foreign Travel (Direct Writer)
Survey Subcommittee**

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Introduction

This report presents the results of the survey on foreign travel underwriting practices of direct companies conducted by the Foreign Travel Survey Subcommittee of the Society of Actuaries (SOA) Committee on Life Insurance Mortality and Underwriting Surveys. A separate survey on foreign travel underwriting practices of reinsurance companies was conducted and the results have been posted to the SOA website. The reinsurance Survey report stated that a comparison of responses between the reinsurer and direct company versions of the Survey would be included in the direct company version of the report. Due to the already-considerable length of the direct company version, the Subcommittee has decided to defer including that comparison here and will explore alternatives for producing that comparison elsewhere in the future.

The Survey was conducted in August-September of 2008 and was sent to all life insurance companies who are writing individual life business in the U.S.

The intent of the Survey was to gather information on direct writers' views and current practices with respect to underwriting for foreign travel, their use of reinsurance and their statistical reporting practices so that the potential for conducting mortality or other studies could be evaluated.

Sixty-eight responses were received for the direct writers' portion of the Survey. Five responses were determined to be duplicates or too incomplete to be useful, and these were deleted to leave an adjusted sample of 63. Four additional companies provided complete responses but were deleted from the final report sample because they answered 'no' to the screening question about underwriting AND were not collecting any of the relevant statistical data. Therefore, the report is based upon a final working sample of 59 companies.

As a result of mergers and acquisitions over the past decade, many of the larger respondent companies are entities that would previously have appeared as several different companies. The Survey Subcommittee attempted to quantify the overall market share of the respondent companies and estimates that the responding companies issued approximately 82% of all individual life insurance face amounts issued in 2008. The estimate was based on individual life insurance face amounts issued in 2008 based on *2008 A.M. Best Reports* for the top 300 companies.

Since many of the Survey questions were "follow-up" questions keyed to previous 'yes' or 'no' answers, the report contains both the actual number of responses and relevant percentages for all answers. In a very small number of instances, the percentages presented rounding challenges that required 'best fit' judgments that do not materially compromise accuracy but may occasionally appear to be minor discrepancies in the report.

Caveat and Disclaimer

While we anticipate and hope that the results prove useful for the industry, it should be noted that while the data the Survey Subcommittee received was fairly comprehensive, it is by no means a look at the whole industry.

This survey is published by the Society of Actuaries (the SOA) and contains information based on input from companies engaged in the U.S. life insurance industry. The information published in this survey was developed from actual historical information and does not include any projected information. The SOA and the participating companies do not recommend, encourage or endorse any particular use of the information reported in this survey. The SOA makes no warranty, guarantee or representation whatsoever and assumes no liability or responsibility in connection with the use or misuse of this survey.

The Survey Subcommittee thanks all of the companies who participated in this Survey (see Appendix A). We also thank those who helped us review this document and offered helpful suggestions and comments. Due to special circumstances, a great deal of the analysis in preparing this report was done by William Tilford, who deserves specific mention. Finally, the Survey Subcommittee thanks a number of the Society of Actuaries staff for their help in completing this project, especially Jack Luff and Korrel Rosenberg, without whose help this could not have been completed.

Comments on this report and suggestions for the next surveys are welcome and can be addressed to the Mortality and Underwriting Survey Committee c/o The Society of Actuaries.

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Executive Summary

The Survey was designed to cover three general areas: Underwriting Practices, Use of Reinsurance and Statistical Reporting.

Underwriting Practices

The answers given in the Underwriting Practices section demonstrate that, while some practices are very common, there are few, if any, universal practices. The key findings were:

- The most common definition of the geographic regions used to define foreign travel was “outside of the United States, US territories and Canada,” with 39 (66%) of the respondents using this definition.
- The Survey results show that the most common minimum time period for defining foreign travel as a relevant risk factor is ‘any duration,’ but only 44% of respondents stated that they use this definition, pointing to a significant degree of variation within the industry.
- There is considerable variation among the respondents regarding the length of time required to consider a risk as a foreign residency rather than a foreign travel risk. The most common periods mentioned were between 7-12 months (27 companies, or 46% of respondents) and 6 months or 180 days (9 companies, or 15% of respondents).
- Eighty-six percent of respondents stated that their application process inquires about future travel in states where they feel that they are able to do so, but only 64% of respondents stated that they make similar inquiries about past travel.
- For the 21 companies that do inquire about past travel, 1/3 of them (7 companies) ask about travel within the past 24 months; the remainder use different intervals or no specific time period. For the 51 companies that inquire about future travel, 39% of them (20 companies) ask about travel within the next 24 months, 29.5% (15 companies) ask about the next 12 months and 27.5% (14 companies) do not specify a time period.
- When companies do investigate foreign travel, the only tools used by more than half of respondents were the ‘additional details’ section of the application and a foreign travel questionnaire. For past travel, 57% of respondents reported that they use either or both of these tools; for future travel, 63% of respondents reported using the ‘additional details’ section of the application, and 55% reported using a foreign travel questionnaire.
- Among the reasons for travel reviewed by respondents, only vacation travel was always considered favorably or treated ‘the same’ when reviewed by the respondents. Missionary work was regarded least favorably with 88% of the respondents who reviewed this factor considering it to be an unfavorable risk factor.
- Thirty-six companies (61% of respondents) stated that the frequency of overseas travel affected their evaluation of the travel risk; 19 companies (32%) stated that it did not.
- Sixty-eight percent of respondents reported that they did not use foreign travel as a preferred class criterion if the foreign travel risk was otherwise eligible for standard.
- The tables describing the use of resources for underwriting guidelines show a great variation among the respondents regarding which reference sources they consider to be

most important. Sixty-nine percent of respondents used some combination of reinsurer's guidelines and State Department travel warnings as their top two resources.

- The most common tool used for adjusting offers for a non-standard travel risk is the flat extra premium, with 75% of respondents reporting that this is always or usually their tool of choice.
- State foreign travel regulations do not appear thus far to have deterred most of the respondents from remaining in the marketplace in some fashion. The one state in which less than 60% of respondents reporting writing business is New York, a state in which many companies are not licensed for a variety of other reasons. Furthermore, only two of the respondents (3% of the sample) reported that they had stopped writing business in a state due to foreign travel regulations in the past two years. Many companies have made other adjustments, with the most common being an increased use of facultative reinsurance (17 companies, or 29% of the sample), submittals of actuarial justification to states (9 companies, or 15% of the sample) and limiting the amount to be issued (6 companies, or 10% of the sample)
- The possible effects of state regulations on risk selection practices regarding foreign travel may be more significant in some states. Of the states examined in this survey, Florida may possibly have had the most significant impact on underwriting practices, with only two companies (4% of companies definitely writing business in Florida) stating that they continue to underwrite for past travel and six companies (13% of companies definitely writing business in Florida) stating that they continue to underwrite for future travel. However, the state-specific answers regarding current underwriting practices (Q8 in the survey) must be viewed with extreme caution due to a significant number of non-responses for these questions in all of the states examined.
- The percentage range of companies stating that they continue to underwrite past foreign travel ranged from a low of 4% (in Florida) to a high of 20% (in New Jersey) in the raw survey answers.
- The percentage range of companies stating that they continue to underwrite future foreign travel ranged from a low of 13% (in Florida) to a high of 70% (in New York) in the raw survey answers.
- The survey data indicates that none of the states examined by the Survey have experienced a total cessation of risk selection practices for past or future foreign travel.

Use of Reinsurance

The responses in the Use of Reinsurance section also demonstrate that there are no universal practices. The key findings were:

- Twenty-two percent of respondents modify their retention specifically for foreign travel risks.
- The survey asked about which reinsurers' guidelines were consulted when underwriting foreign travel risks. It did not attempt to correlate use of the guidelines with automatic or facultative cessions or to determine the implications of guideline use for reinsurer market share. Bearing in mind that it is possible to use one reinsurer's guidelines while ceding the risk to another or retaining all of the risk, the two reinsurance guides most commonly

mentioned for foreign travel were those of Swiss Re (26 companies) and RGA (22 companies).

- Forty-seven percent of respondents stated that they used the guidelines of two or more reinsurers to underwrite foreign travel.
- Fifty-three percent of respondents (31 companies) reported using facultative reinsurance for at least some foreign travel risks that would normally be within their retention; however, only two companies (3% of respondents) reported that they do this for all foreign travel risks within their normal retention. These 31 companies were almost evenly split regarding whether to keep some of the risk if a facultative consult gives them a better than expected rate; 14 keep some of the risk, and 16 do not.
- Only five companies (8% of the total sample) stated that they use special automatic reinsurance pools for foreign travel risks within their retention.
- Thirty-five companies (59% of the total sample) stated that they do not seek preliminary reinsurer approval for foreign travel underwriting guidelines in states with special laws or regulations.

Statistical Reporting

The responses in the Statistical Reporting section illustrate that a relatively small number of companies is keeping significant statistical data about the foreign travel risks that have been underwritten, and of the companies not currently keeping such data, a similarly small number plans to do so in the future. This means that for the foreseeable future, most if not all of the information that the majority of the direct writing company respondents use to drive their underwriting guidelines will come either from the reinsurers or other external sources. It seems likely that an attempt to do an experience study in this area would not produce meaningful results. This is consistent with the new experience studies guidelines of ensuring a reasonable set of data being available before we proceed with a new study.

Key findings from the statistical section were:

- Only 11 (19%) of the 59 companies in the final sample currently capture and retain data specifically about foreign travel risks at the time of an underwriting decision. Of the 48 companies who do not do this at present, only five (8% of sample) stated that they plan to do so in the future, although 1 company stated that it does keep data about cases where an adverse action would have been taken in states where it does not underwrite foreign travel but would if it could do so.
- Of the 11 companies that do capture data, seven of them use electronic methods with or without manual records. Three of the 11 companies have captured data for 10 years or more, two have captured data for 2-5 years, three have captured data for 1-2 years and two have captured data for less than 1 year. One company did not specify a time period.
- Seven of the 11 companies that capture data do so for all foreign travel risks, even if not ratable or declinable, but the depth of the information is limited. Eight of the 11 companies record the underwriting action taken, but only six record the location of travel, only four record occupation and only two record duration and/or reason for travel.
- Nine of the 11 companies that capture data in states in which they underwrite foreign travel risks also capture data for statistical purposes in states in which they do not

underwrite foreign travel risks. Eight of these nine companies use the same tracking criteria that they use in other states. One company did not respond.

- Only two of these 11 companies reported (in Q6) that internally developed information (by the underwriting department) was the most important information resource for their underwriting guidelines, and only two (a different two) cited claims experience as a resource. One company ranked claims experience as third priority and the other ranked claims experience as less than third priority. It can be concluded that, for these 11 companies, claims experience does not directly drive the development of underwriting guidelines for foreign travel at present.
- Of these 11 companies, only three reported that foreign travel risks comprised five or more percent of submitted applications. Four companies reported this percentage as less than or equal to 2%, and four companies did not know the percentage.
- The 11 companies that keep statistical data were asked to provide a percentage distribution by type of action taken for foreign travel risks, but the respondents did not have this information in some instances and may have misunderstood the intent of the question in others.
- Six of these 11 companies maintain cause of death information for cases identified as foreign travel risks at the time of underwriting.
- All 59 respondents were asked whether they maintain detailed data about deaths that occur in foreign countries. Sixteen companies answered 'yes', and 15 of these included cause of death in their data. Eleven of the 16 have been collecting data for at least five years. Twelve of the 16 segregated the information by country, and four companies segregated the information by military and non-military deaths.
- None of the 59 companies maintain data on deaths occurring in the United States but related to diseases or injuries due to past foreign travel.
- Five companies that collect both underwriting and claims data expressed a willingness to participate in a follow-up data call. An additional two companies that collect underwriting, but not claims data, expressed a willingness to participate, and an additional six companies that collect claims data but no underwriting data, expressed a willingness to participate.

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Foreign Travel Direct Writer Survey Report

The Survey was designed to cover three general areas: Underwriting Practices, Use of Reinsurance and Statistical Reporting. The questions were grouped accordingly. Underwriting Practices were addressed in Q1-10, Use of Reinsurance was addressed in Q11-16 and Statistical Reporting was addressed in Q17-24. Opportunities were given throughout for narrative comment by the respondents, but this report only contains references to those comments which help add relevant detail to the answers given. Comments which merely affirm answers are not described in the Survey Results.

Since the precise wording of a question frequently influences the nature of a response in any opinion survey, the basic questions are included as asked in the questionnaire for the tables and narratives that follow.

Underwriting Practices

Q1: Where permitted by law, does your company use foreign travel as an underwriting criterion in the risk selection process?

Fifty-nine of 63 original respondents (94%) answered ‘yes.’ The four respondents that answered ‘no’ were removed from the final report sample due to the fact that they also responded that they were not doing any travel-related data collection. For the purposes of the responses to follow, we are using the 59 ‘yes’ responses as our baseline sample.

Q1A: What geographic regions do you use to define foreign travel?

The responses were as follows:

Table 1 - Geographic Regions Used for Definition of Foreign Travel

Geographic Region	# of Respondents	% of Sample
Outside of the United States, US Territories and Canada	39	66%
Outside of the United States and US Territories	19	32%
Outside of the United States, US Territories, Canada & Mexico	1	2%

The most common definition of the geographic regions used to define foreign travel was “outside of the United States, US territories and Canada,” with 39 (66%) of the respondents using this definition. Nineteen companies (32%) used “outside of the United States and US territories,” and one company (2%) used “outside of the United States, US territories, Canada and Mexico.”

Q1B: What minimum time period does your company use to define foreign travel as a relevant risk factor?

The responses were as follows:

Table 2 - Minimum Time Periods Used to Define Foreign Travel

Time Period	# of Respondents	% of Sample
Any duration	26	44%
4 or more weeks	10	17%
8 or more weeks	7	12%
Depends upon destination	6	10%
2 or more weeks	5	8%
12 or more weeks	3	5%
More than 7 days	1	2%
More than 30 days	1	2%

The Survey results show that the most common minimum time period for defining foreign travel as a relevant risk factor is ‘any duration,’ but only 44% of respondents stated that they use this definition, pointing to a significant degree of variation within the industry. Only three companies (5% of respondents) cited a period of 12 or more weeks as a minimum time period; the remainder cited shorter durations.

Q1C: What time period does your company use to determine whether to underwrite as a foreign residency risk rather than a travel risk?

The responses were as follows:

Table 3 - Minimum Time Periods Used to Define Foreign Residency

Time Period	# of Respondents	% of Sample
7-12 months	27	46%
6 months (180 days)	9	15%
3 months (90 days)	5	8%
2 months (60 days)	5	8%
1 month (4 weeks or 30 days)	3	5%
3 years (36 months)	2	3%
13-24 months	2	3%
120 days	1	2%
3 weeks	1	2%
14 days	1	2%
More than 24 months	1	2%
No response	1	2%
Depends on location	1	2%

There is considerable variation among the respondents regarding the length of time required to consider a risk as a foreign residency rather than a foreign travel risk. The most common periods mentioned were between 7-12 months (27 companies, or 46% of respondents) and 6 months or

180 days (9 companies, or 15% of respondents). Only five companies (8.5% of respondents) cited periods of 13 or more months. The shortest period mentioned was 14 days (1 company).

Q2: Where permitted by law, does any part of your application process contain a question about *past* foreign travel:

The responses were:

Table 4 - Prevalence of Application Questions about Past Foreign Travel

Question about Past Foreign Travel?	# of Respondents	% of Respondents (N=59)
Yes	21	36%
No	38	64%

Q2A: If yes, how far back in time to your question relate to?

The responses were:

Table 5 - Time Frames for Application Questions about Past Foreign Travel

How Far Back in Time?	# of Respondents	% of Respondents (N=21)
Within 24 months	7	33%
Within 3 years (36 months)	4	19%
Within 5 years	4	19%
Within 12 months	3	14%
No specified time period	3	14%

Q2B: What additional underwriting tools are used to assess the travel risk when a history of past travel is admitted or developed?

Twenty-one companies answered this question. The responses are detailed in Table 6 below.

Table 6 - Additional Underwriting Tools Used When Past Travel is Developed

Tools	Always Use		Usually Use		Sometimes Use		Rarely Use		Don't Use		No Response	
	# of Respondents	% (N=21)	# of Respondents	% (N=21)	# of Respondents	% (N=21)	# of Respondents	% (N=21)	# of Respondents	% (N=21)	# of Respondents	% (N=21)
Additional Details section of application	10	48%	2	10%	4	19%	3	14%	1	5%	1	5%
Foreign Travel Supplement Application	5	24%	7	33%	4	19%	-	-	5	24%	-	-
Personal History Interview or telephone inspection report	3	14%	6	29%	11	52%	-	-	1	5%	-	-
Street inspection report	-	-	-	-	4	19%	10	47%	6	29%	1	5%
Attending Physician's Statement	1	5%	-	-	8	38%	9	43%	3	14%	-	-

In addition to the standard categories, two companies stated that they use a foreign travel supplement that is not part of the application (one company stated “usually,” one did not specify duration), one company stated that it obtains additional information from the producer (but did not state frequency) and one company stated that it usually obtains a copy of the applicant’s passport.

The subcommittee believes, based upon review of the respondents’ overall answer patterns, that the ‘no response’ answers in Q2B probably represent ‘don’t use’ responses but these have been kept separate due to a lack of 100% certainty.

It is useful to view the ‘always use’ and ‘usually use’ categories combined to consider which tools are most frequently used. Seen in this combination, the most frequently used tools are:

Table 7 - Most Frequently-Used Tools for Investigating Past Foreign Travel

Tools	# of Respondents	% of Respondents (N=21)
Additional Details section of the application	12	57%
Foreign Travel Supplement Application	12	57%
Personal History Interview / Telephone Inspection Report	9	43%

Fifty-seven percent of those companies that investigate past travel always or usually use additional details and a foreign travel supplement, while 43% use some sort of phone inspection. The street inspection report and attending physician’s statement appear to be seen as secondary tools, with only one company reporting that it always obtains an attending physician’s statement.

Q3: Where permitted by law, does any part of your application process contain a question about *planned future* foreign travel?

The responses were:

Table 8 - Prevalence of Application Questions about Future Foreign Travel

Question about Planned Future Foreign Travel?	# of Respondents	% of Respondents (N=59)
Yes	51	86%
No	8	14%

Q3A: How far into the future does your question relate to?

Fifty-one companies responded to this question. Responses are shown in Table 9 below.

Table 9 - Time Frames for Application Questions about Future Foreign Travel

How Far into the Future?	# of Respondents (Total=51)	% of Respondents (N=51)
Within the next 24 months	20	39%
Within the next 12 months	15	29%
No specified time period	14	27%
Within the next 36 months	1	2%
Within the next 6 months	1	2%

The most common responses were within the next 24 months (20 responses) or within the next 12 months (15 respondents). Fourteen (27%) did not specify a time frame.

Q3B: What additional underwriting tools are used to assess the travel risk when planned future travel is admitted or developed?

Fifty-one companies responded. The responses are shown in Table 10 below:

Table 10 - Additional Underwriting Tools Used When Future Travel is Developed

Tools	Always Use		Usually Use		Sometimes Use		Rarely Use		Don't Use		No Response	
	# of Respondents	% (N=51)	# of Respondents	% (N=51)	# of Respondents	% (N=51)	# of Respondents	% (N=51)	# of Respondents	% (N=51)	# of Respondents	% (N=51)
Additional Details section of application	27	53%	5	10%	6	12%	5	10%	4	8%	4	8%
Foreign Travel Supplement Application	10	20%	18	35%	7	14%	1	2%	13	25%	2	4%
Personal History Interview or telephone inspection report	7	14%	11	22%	23	45%	4	8%	2	4%	4	8%
Street inspection report	-	-	1	2%	16	31%	13	25%	16	31%	5	10%
Attending Physician's Statement	1	2%	1	2%	18	35%	13	25%	11	22%	7	14%

“Other” responses about additional tools were provided by one company that usually uses a foreign travel questionnaire that is not part of the application, one company that sometimes uses a foreign travel questionnaire that is not part of the application, one company that always obtains additional information from the agent, one company that sometimes obtains additional information from the agent and one company that always uses a “telephone interview with electronic (voice) signature making the document part of the application.”

The subcommittee believes based upon review of the respondents’ overall answer patterns, that the ‘no response’ answers in Q3B probably represent ‘don’t use’ responses but these have been kept separate due to a lack of 100% certainty.

It is useful to view the ‘always use’ and ‘usually’ use categories combined to consider which tools are most frequently used. Seen in this combination, the most frequently used tools are:

Table 11 - Most Frequently-Used Tools for Investigating Future Foreign Travel

Most Used Tools	# of Respondents	% of Respondents (N=51)
Additional Details section of the application	32	63%
Foreign Travel Supplement Application	28	55%
Personal History Interview / Telephone Inspection Report	18	35%

The most commonly used tools are shown in Table 11 above. The street inspection report and attending physician’s statement appear to be seen as secondary tools, with only two companies (4%) reporting that they always or usually obtain an attending physician’s statement and one company (2%) reporting that it usually obtains a street inspection report.

Q4: Where permitted by law, does your company make underwriting distinctions based upon the *reason* for the foreign travel (e.g., vacation, business etc.)?

The responses were:

Table 12 - Companies That Make Underwriting Decisions Based on the Reason for Foreign Travel

Underwriting Distinctions Based Upon Reason?	# of Respondents	% of Respondents (N=59)
Yes	49	83%
No	10	17%

Q4A: If yes, please specify which reasons for foreign travel are evaluated and whether that reason makes your assessment more favorable or less favorable:

The responses to this question are being reported both as a percentage of the ‘use’ responses for each item and of the 59 respondents in the sample:

Table 13 - Reasons for Foreign Travel Used in Underwriting Evaluations

Reason	(A) # of Respondents That Use Reason	% of Respondents That Use Any Reason (N=49)	% of Sample (N=59)	# of Respondents That Treat More Favorably	% of Respondents in (A) That Treat More Favorably	% of Sample That Treats More Favorably (N=59)	# of Respondents That Treat The Same	% of Respondents in (A) That Treat The Same	% of Sample That Treats The Same (N=59)	# of Respondents That Treat Less Favorably	% of Respondents in (A) That Treat Less Favorably	% of Sample That Treats Less Favorably (N=59)
Vacation	46	94%	78%	36	78%	61%	10	22%	17%	-	-	-
Business	48	98%	81%	23	48%	39%	15	31%	25%	10	21%	17%
Active Military	48	98%	81%	6	12%	10%	8	17%	13%	34	71%	58%
Missionary	48	98%	81%	2	4%	3%	4	8%	7%	42	88%	71%
Visit Relatives/2nd Property	47	96%	79%	26	55%	44%	15	32%	25%	6	13%	10%

Additional responses included the following:

- *One company stated that high profile individuals, such as journalists and politicians, were considered less favorably in foreign travel situations;*
- *One company stated that travel for avocational activities, such as mountain climbing, was considered less favorably; and*
- *One company stated that travel for college studies was treated more favorably.*

Among the standard categories, only vacation travel was always considered favorably or treated ‘the same’ when reviewed by the respondents. Missionary work was regarded least favorably with 88% of the respondents who reviewed this factor considering it to be an unfavorable risk factor.

Q4B: Where permitted by law, does your company make underwriting distinctions based upon the *frequency* of foreign travel?

The responses were:

Table 14 - Companies That Make Underwriting Decisions Based on the Frequency of Foreign Travel

Underwriting Distinctions Based Upon Frequency?	# of Respondents	% of Respondents (N=59)
Yes	36	61%
No	19	32%
No response	4	7%

Thirty-six companies (61%) stated that the frequency of overseas travel affected their evaluation of the travel risk; 19 (32%) stated that it did not. Eleven companies of 36 (31%) stated that they used an ‘accumulated days’ approach when assessing multiple trips; 18 of 36 (50%) made the general observation that more frequent trips was considered to be an unfavorable factor.

Q5: Is foreign travel one of your company’s criteria for determining eligibility for preferred classes if the travel risk is otherwise “standard?”

The responses were:

Table 15 - Foreign Travel as One of Preferred Underwriting Criteria

Criterion for Determining Eligibility for Preferred?	# of Respondents	% of Respondents (N=59)
Yes	19	32%
No	40	68%

Sixty-eight percent of respondents reported that they did not use foreign travel as a preferred class criterion if the foreign travel risk was otherwise eligible for standard.

Q6: What information resources does your underwriting department use as a basis for determining whether a foreign travel risk is ratable or declinable? (Please check all that apply.) Which of the information resources are the most important? (Please rank the top 3, with 1 being the most important.)

The answers to this question provided a lot of useful data. Table 16 shows the prevalence of resources used by companies. Both State Dept Travel Warning and Reinsurer’s Foreign Travel Guidelines are used by 89% of respondents. United Nations Comparative Data ranked third, but is below 50%.

Table 16 - Prevalence of Resources Used by Companies

Resource	# of Respondents	% of Total Sample That Use Resource
State Dept Travel Warnings	53	89%
Reinsurer’s Foreign Travel Guidelines	53	89%
United Nations Comparative Data	25	42%
World Fact Book	22	37%
Internal Claims Experience	13	22%
Information Generated Internally by Actuarial Dept	9	15%
Information from External Consultant	6	10%
Information Developed Internally by Underwriting Dept	5	8%
Other Reinsurance Company Data	2	3%
Review of Current Events	1	2%
Information from Non-U.S. Governments	1	2%

The data by ranking is presented in Table 17. The data show that Reinsurer’s Foreign Travel Guidelines is most often ranked most important, with State Dept Travel Warnings most often ranked second and United Nations Comparative Data most often ranked third. This table must be viewed with some caution due to the subjective nature of ranking and some obvious scrivener’s errors on the part of some respondents (i.e., listing a number two and number three, while failing to list a number one).

Table 17 – Resource Use Ranked by Importance

Resource	# of Respondents (% , N=59)		
	Ranked #1	Ranked #2	Ranked #3
Reinsurer’s Foreign Travel Guidelines	22 (37%)	14 (24%)	2 (3%)
State Dept Travel Warnings	10 (17%)	22 (37%)	7 (12%)
Reinsurer’s Foreign Travel Guidelines AND State Dept Travel Warnings – Equally	8 (14%)	-	-
United Nations Comparative Data	5 (8%)	5 (8%)	10 (17%)
Information Generated Internally by Actuarial Dept	4 (7%)	0	3 (5%)
Information Developed Internally by Underwriting Dept	4 (7%)	0	0
World Fact Book	2 (3%)	4 (7%)	9 (15%)
Information from External Consultant	1 (2%)	1 (2%)	3 (5%)
Other Reinsurance Company Data	1 (2%)	0	0
Information from non-US governments	1 (2%)	0	0
Internal Claims Experience	0 (0%)	2 (3%)	5 (8%)

(Number does not reach 59 and percentage does not reach 100%.)

For companies that used a reinsurer’s foreign travel guidelines and/or state department travel warnings, either as the sole resource or together and ranked either or both as the top resource(s) used, the rankings were as follows:

Table 18 - Most Common Resource Combination Rankings

Resource	# of Respondents	% of Sample
Reinsurer’s Foreign Travel Guidelines #1, State Department Travel Warnings #2	18	30%
State Department Travel Warnings #1, Reinsurer’s Foreign Travel Guidelines #2	10	17%
Reinsurer’s Foreign Travel Guideline’s and State Department Travel Warnings Equally	8	14%
Reinsurance Department Guidelines as sole listed resource	3	5%
State Department Warnings as sole listed resource	2	3%
Total	41	69%

It is also interesting to note the distribution of the number of information resources used by companies. Fifty-seven percent indicated two or three resources, while 9% listed only one and as many as seven resources were listed. Full details are provided below.

Table 19 - Number of Information Resources Used by Companies

# of Resources	# of Respondents	% of Sample
Number/percent of companies using 1 resource	5	8%
Number/percent of companies using 2 resources	19	32%
Number/percent of companies using 3 resources	15	25%
Number/percent of companies using 4 resources	6	10%
Number/percent of companies using 5 resources	7	12%
Number/percent of companies using 6 resources	2	3%
Number/percent of companies using 7 resources	4	7%
No Response	1	2%

Q7: Which tools does your company use to adjust non-standard travel risks?

Table 20 shows the frequency of use of various tools to adjust rates for the 59 respondents and, for those using a specific tool, it shows the percentage by type of use.

Table 20 - Prevalence of Underwriting Tools Used to Adjust Non-Standard Foreign Travel Risks

Tools	(A) # of Respondents That Use Tool	% of Sample That Uses Tool	# of Respondents That Always Use	% of (A) That Always Use	% of Sample That Always Use	# of Respondents That Usually Use	% of (A) That Usually Use	% of Sample That Usually Use	# of Respondents That Sometimes Use	% of (A) That Sometimes Use	% of Sample That Sometimes Use	# of Respondents That Rarely Use	% of (A) That Rarely Use	% of Sample That Rarely Use
Flat Extras	54	92%	24	44%	41%	20	37%	34%	7	13%	12%	3	6%	5%
Table Rates	17	29%	1	6%	2%	-	-	-	5	29%	8%	11	65%	19%
Travel Exclusions	9	15%	1	11%	2%	-	-	-	5	56%	8%	3	33%	5%
Limiting Face Amounts	46	78%	2	4%	3%	3	7%	5%	26	57%	44%	15	32%	26%
Limiting Plans Available	36	61%	2	6%	3%	3	8%	5%	23	64%	39%	8	22%	14%

A caveat applies to the preceding table. Companies were asked to expressly state “do not use” in situations where they did not use a particular tool, but some companies left some items blank. Based on a review of the overall response patterns, it is believed that these blanks represent “do not use”, but since the certainty level is not always 100%, the following should be noted:

- a. Regarding Flat Extras, two companies expressly stated that they do not use, and another three companies that left the frequency question blank added explanatory notes to the effect that they never rate. Therefore, there is 100% confidence that five companies never use flat extras.
- b. Regarding Table Rates, 23 companies expressly stated that they do not use, and three companies that left the frequency question blank stated that they never rate. An additional 11 companies that left this item blank stated that they always used a flat extra, which excludes the use of a table rate in this setting by inference. An additional five companies stated that they usually or sometimes use flat extras. Therefore, there is 100% confidence that 26 companies never use table rates, a nearly-100% probability that an additional 11 companies never use them, and some reason to believe that an additional five companies never use them. This could, however, be alternately interpreted as 37 ‘don’t use’ and five ‘no response.’

- c. Regarding Travel Exclusions, 32 companies expressly stated that they do not use, and an additional 11 companies that left this item blank stated that they always use a flat extra, excluding use of this tool by inference. An additional three companies stated that they usually or sometimes use a flat extra. Three companies stated that they never rate, and this global response appears to have meant no adverse actions generally other than possibly declining or postponing. One company was deemed a true ‘no response’ due to ‘don’t use’ responses to other items. There is, thus, a 100% certainty that 32 companies never use travel exclusions, near-100% certainty that an additional 14 companies never use it, and four companies may never use but could alternately be interpreted as ‘no response.’
- d. Regarding Limiting Face Amounts, six companies expressly stated that they do not use, and another three companies added explanatory remarks to that effect. An additional four companies that left this item blank stated that they always use a flat extra, making a limitation of the face amount unlikely but not impossible. Therefore, there is 100% confidence that nine companies do not use the tool and a high degree of probability that an additional four companies do not.
- e. Regarding Limiting Plans Available, 12 companies expressly stated that they do not use the tool, and an additional three companies left explanatory remarks to that effect. Eight companies stated that they always used a flat extra, making a plan limitation unlikely but not impossible. Therefore, there is 100% certainty that 15 companies never use the tool and a high probability that an additional eight companies do not.

Two companies stated that they always postpone or decline all non-standard travel risks.

It is useful to view the ‘always’ and ‘usual’ categories in combination. The most frequently used tools seen with this combination are:

Table 21 - Most Frequently-Used Tools to Adjust Foreign Travel Risks

Tool Always or Usually Used	# of Respondents	% of Respondents That Use Tool*	% of All Respondents (N=59)
Flat Extra	44	81% (N=54)	75%
Limiting Face Amounts	5	11% (N=46)	8%
Limiting Plans Available	5	14% (N=36)	8%

*See Table 20

The most common tool used for adjusting offers for non-standard travel risk is the flat extra premium, with 75% of respondents reporting that this is always or usually their tool of choice.

Q8: Please indicate whether your company currently underwrites for past/future foreign travel risks in the following states by entering ‘yes’ or ‘no’ in each box of the following chart. (If you do not write business in any particular state, please indicate with an ‘N/A.’

The responses were:

Table 22 - Prevalence of Foreign Travel Underwriting in States with Special Regulations (August-September 2008)

State	(A) # of Respondents That Acknowledged Writing Business in State*	% of Sample Writing Business in State	# of Respondents That Underwrite Past Travel	% of Respondents in Column (A) That Underwrite Past Travel	# of Respondents That Don't Underwrite Past Travel	% of Respondents in Column (A) That Don't Underwrite Past Travel	# of Respondents From Column (A) That Didn't Answer Question	% of Respondents in Column (A) That Didn't Answer Question	# of Respondents That Underwrite Future Travel	% of Respondents in Column (A) That Underwrite Future Travel	# of Respondents That Don't Underwrite Future Travel	% of Respondents in Column (A) That Don't Underwrite Future Travel	# of Respondents From Column (A) That Didn't Answer Question	% of Respondents in Column (A) That Didn't Answer Question
CA	43 (11,5)	73%	4	9%	38	89%	1	2%	16	37%	26	61%	1	2%
CO	44 (9,6)	75%	6	14%	36	82%	2	4%	13	30%	29	66%	2	4%
CT	41 (13,5)	69%	7	17%	33	81%	1	2%	17	41%	22	54%	2	5%
FL	45 (9,5)	76%	2	4%	43	96%	0	0%	6	13%	37	82%	2	5%
GA	48 (6,5)	81%	7	15%	40	83%	1	2%	14	29%	33	69%	1	2%
IL	47 (5,7)	80%	6	13%	39	83%	2	4%	22	47%	23	49%	2	4%
MD	43 (10,6)	73%	4	9%	38	89%	1	2%	28	65%	13	30%	2	5%
MA	41 (12,6)	69%	7	17%	33	81%	1	2%	16	39%	24	59%	1	2%
NJ	41 (12,6)	69%	8	20%	32	78%	1	2%	19	46%	21	51%	1	2%
NY	33 (21,5)	56%	3	9%	29	88%	1	3%	23	70%	8	24%	2	6%
WA	43 (10,6)	73%	5	12%	37	86%	1	2%	11	25%	30	70%	2	5%

* (X,Y): ‘X’ is the number that specifically stated that they don’t write business in the state and ‘Y’ is the number that left the question blank.

The number and percentage of companies that continue to underwrite for past and future travel in the particular states listed are summarized in Table 23 below.

Table 23 – Prevalence Summary – Foreign Travel Underwriting in States with Special Regulations

State	(A) # of Respondents That Acknowledged Writing Business in State*	% of Sample Writing Business in State	# of Respondents That Underwrite Past Travel	% of Respondents in Column (A) That Underwrite Past Travel	# of Respondents That Underwrite Future Travel	% of Respondents in Column (A) That Underwrite Future Travel
CA	43 (11,5)	73%	4	9%	16	37%
CO	44 (9,6)	75%	6	14%	13	30%
CT	41 (13,5)	69%	7	17%	17	41%
FL	45 (9,5)	76%	2	4%	6	13%
GA	48 (6,5)	81%	7	15%	14	29%
IL	47 (5,7)	80%	6	13%	22	47%
MD	43 (10,6)	73%	4	9%	28	65%
MA	41 (12,6)	69%	7	17%	16	39%
NJ	41 (12,6)	69%	8	20%	19	46%
NY	33 (21,5)	56%	3	9%	23	70%
WA	43 (10,6)	73%	5	12%	11	25%

* (X,Y): 'X' is the number that specifically stated that they don't write business in the state and 'Y' is the number that left the question blank.

This question related to specific states where we were aware of some regulatory issues. The majority of respondents do not underwrite for past travel in these states. The percentages, for those that do, range from 4% (FL) to 20% (NJ). The percentage of respondents underwriting for future travel was considerably higher, ranging from 13% (FL) to 70% (NY), with eight states greater than or equal to 30%.

Based upon the preceding responses, state foreign travel regulations do not appear, thus far, to have deterred most of the responding companies from remaining in the marketplace in some fashion. The one state in which less than 60% of respondents reported writing business is New York, a state in which many companies are not licensed for a variety of other reasons.

Q9: Please indicate which of the following actions your company has taken in the last 2 years as a result of state laws or regulations related to foreign travel. (Please check all that apply):

The responses were:

Table 24 - Broad Policy Actions Taken by Companies in Response to Regulatory Changes

Action Taken	# of Respondents	% of Sample
Increased use of facultative reinsurance	17	29%
Submitted actuarial justification	9	15%
Limited amount to be issued	6	10%
Limited classes available	3	5%
Stopped writing	2	3%
Formed new reinsurance pools	1	2%
Increased premium rates across all lives or class of lives	0	0%
None of the above	22	37%

(Numbers exceed 59 because some companies took more than 1 action.)

As shown in Table 24 above, the top three policy actions taken are:

- Increased use of facultative reinsurance
- Submitted actuarial justification
- Limited amount to be issued

However, 37% of the companies had taken no action.

The “Additional Comments” were as follows:

- *Accept business in those states with laws or regs;*
- *Complied with state regs in FL and GA;*
- *Created foreign travel guidelines to comply with the state laws;*
- *Decreased use of facultative reinsurance;*
- *Discontinued underwriting any past travel a few years ago. Only underwrite future travel plans and only in the states that allow us to do so. We maintain a state specific database in our legal department that tracks all state legislation and regulatory changes;*
- *Do not underwrite for foreign travel in specific states;*
- *Extensive work done in concert with ACLI to influence legislation;*
- *Generally just tweaked our guidelines. Overall more liberal than in the past;*
- *Modify app questions and abide by the rules of the states;*
- *Opted not to take adverse action in states with legislation;*
- *Took question off application in FL and GA;*
- *We comply with the state law;*
- *We do not consider foreign travel plans for Florida and Georgia applicants;*
- *We have all apps from CO, FL, GA reviewed by a consultant team;*

- *We have more formalized the supporting documentation for decisions;*
- *We made changes to comply with all state legislation;*
- *Although our use of facultative reinsurance has declined overall, the number of cases sent facultative due to foreign travel risks have increased;*
- *Our target market is such that we have very few, if any, clients that are doing foreign traveling;*
- *Stopped considering foreign travel in states whose regulations we feel prohibit it;*
- *We challenged Florida before they allowed us to rate for Iraq and Afghanistan;*
- *We do not decline or postpone in Georgia (unless going to war zone) but do offer rated coverage as necessary;*
- *We do not use foreign travel in determining ratings. We reject all applications where there is planed (sic) travel to countries on the State Department Travel Warning list. The applicant may reapply when they return;*
- *We have taken the question off our FL app but although we ask the question in the other 8 states (no NY), we do so only for tracking purposes and not for underwriting decisions;*
- *We work within the limitations of the various state regulations. We haven't filed for the required approvals in FL and GA, otherwise, the other states just set parameters on factors/how foreign travel can be considered, which we follow;*
- *We've liberalized actions taken on borderline foreign travel situations in States with ambiguous regs; and*
- *When this issue first arose in 2005, we redesigned our UW guidelines to include the three safe harbors (Armed conflict, Embassy closings, pandemic/epidemic health issues) to allow us to evaluate such risks. We also renegotiated our reinsurance pools (fragment).*

Q10: Please provide any additional comments with respect to your underwriting of foreign travel.

This question was included as a 'catch-all' for any items not addressed in the previous items. The six responses helped clarify individual answers, but do not affect the tables shown previously. Additional responses were as follows:

- *In GA and FL, we have taken the 'foreign travel' question off of our life application;*
- *Multiple sources and aligning with the new proposed NAIC model has been our focus;*
- *Our current products are fairly low face amounts so we have not changed our rates or classes for those 9 states;*
- *We do follow the individual state regulations;*
- *We are in the process of filing a new application which asks about foreign travel in the next one year only and does not ask about past foreign travel; and*
- *We follow each state regulation.*

Use of Reinsurance

Q11: Do you modify your retention for foreign travel risks?

The responses were:

Table 25 - Modified Retention for Foreign Travel Risks

Modify Retention?	# of Respondents	% of Sample
Yes	13	22%
No	46	78%

Twenty-two percent of respondents modify their retention specifically for foreign travel risk.

Q12: Do you use one or more reinsurers' guidelines to determine your underwriting actions related to foreign travel?

The responses were:

Table 26 - Prevalence of Use of Reinsurer's Guidelines

Use One or More Reinsurer's Guidelines?	# of Respondents	% of Sample
Yes	46	78%
No	13	22%

As can be seen in the table above, 46 companies indicated they use a reinsurer's guidelines. Please note that in Q6, 53 companies had mentioned that they use a reinsurer's guidelines.

If yes, name the reinsurers you use.

Forty-five of the 46 companies responded to this question. Of these, only 17 of 46 (37%) stated that they only use one reinsurer's guidelines for foreign travel. Twenty-eight of 46 companies (61%) stated that they used two or more reinsurer's guidelines for foreign travel. The following is a list of reinsurance companies by the number of times that they were mentioned. These results should not be construed to be the number of times that a reinsurer was the primary reinsurer as the responses given frequently did not clarify this. In many cases, the reinsurer named may be a secondary outlet or even merely a reference source since the use of a reinsurer's guidelines does not automatically mean that the case will go to that reinsurer. Similarly, no conclusions should be drawn about relative market shares for the same reason. It is legitimate to interpret these responses as an indication of marketplace awareness of and access to available reinsurer guidelines.

As indicated in Table 27, two reinsurers' underwriting guidelines were referenced most frequently by the respondents – of the companies that use a reinsurer's manual, 57% mentioned Swiss Re and 48% mentioned RGA.

Table 27 - Reinsurers Named as Resource for Foreign Travel Guidelines

Reinsurance Company	# of Respondents
Swiss Re	26
RGA	22
Munich American	5
Transamerica Re	4
Generali Re	3
Gen Re	3
Canada Life Re	2
SCOR	2
Optimum Re	1
Wilton Re	1
Hannover Re	1
MAPFRE Re	1
RCH	1

Q13: Do you use facultative reinsurance for foreign risk cases within your retention?

The responses were:

Table 28 - Facultative Reinsurance for Risks within Retention

Use Facultative Reinsurance?	# of Respondents
Yes	31
No	28

Q13A: If yes, is it for:

Table 29 - Scope of Facultative Reinsurers for Foreign Travel Risks within Retention

Types of Cases	# of Respondents	% of 'Yes' Respondents
Certain foreign travel risk cases	26	84%
All foreign travel risk cases for which Preferred/Standard are not available	3	10%
All foreign travel risk cases	2	6%

Fifty-three percent of respondents (31 companies) reported using facultative reinsurance for at least some foreign travel risks that would normally be within their retention; however, only two companies (3% of respondents) reported that they do this for all foreign travel risks within their normal retention.

The survey asked for details regarding which of the ‘certain’ foreign travel risk cases would be sent facultatively. Additional responses were as follows:

- *At underwriter’s discretion – depend on facts of the individual case;*
- *Based upon circumstances of the case, we may send it out for consideration;*
- *Case by Case basis;*
- *Certain rated/declined international risks that reinsurers may have more experience with;*
- *Depends on country;*
- *Depends on country traveling to;*
- *Difficult cases where results of the decision could be unclear;*
- *Foreign residence cases and some cases that are questionable or known opinion is variable;*
- *Generally do not use facultative reinsurance, but will consider on a case-by-case basis depending on amount, location and type of travel;*
- *Guidelines indicate a risk, but would like a 2nd opinion;*
- *High risk countries;*
- *Limited use of facultative reinsurance – only where does not fit auto, special programs or internal retention;*
- *On rare occasions, we’ll seek reins on cases we’re uncomfortable with;*
- *Only if we decline the foreign travel risk or rate it and the rating is implacable by the producer;*
- *Only shop case as a last resort;*
- *Only those re-able (sic) or declines;*
- *Our reinsurers do not want fac travel submissions;*
- *Those risks that are not acceptable to us – may be because of rate, travel location or duration;*
- *Total amount at risk; country the client is traveling to, etc.;*
- *Travel over 2 months, amount over \$5,000,000, ages 0-17 & over age 70, occupations, ratings over table 4 or \$2.50 flat extra;*
- *Very rarely for unusual cases; and*
- *Where we think it will be an issue.*

Q13B: If you get a better rate facultatively, do you keep some of the risk?

The responses were:

Table 30 - Risk Retention after Favorable Facultative Offers

Keep Some of the Risk?	# of Respondents	% of Respondents (N=31)
Yes	14	45%
No	16	52%
No response	1	3%

The 31 companies that responded were almost evenly split regarding whether to keep some of the risk if a facultative consult gives them a better than expected rate; 14 keep some of the risk, and 16 do not.

The survey requested additional details regarding the ‘yes’ responses. Additional responses were as follows:

- *Generally we would seek facultative support on cases that fall outside of the automatic pool parameters, when this does occur we generally share the risk with the pool members who accept it in line with what the pool limits are;*
- *If requested by the reinsurer;*
- *In most situations, would follow the reinsurer since they are accepting most of the risk;*
- *May or may not depending on the case specifics;*
- *Occasionally Reinsurance will request that we split the risk;*
- *Retention (if partly automatic on a usual case), half or a portion as agreed, no foreign residence retention;*
- *This is considered on an individual case basis;*
- *Usually, but it depends on the case;*
- *We always participate on the risk if within our retention;*
- *We always share in the risk on any fac case;*
- *We do not feel it is appropriate to place all the risk with the reinsurer, particularly if we are comfortable with the reinsurer action;*
- *We feel that our expertise and experience with foreign risks are limited. If our reinsurance partners are comfortable with a better rate, we will keep a minimal amount of the risk;*
- *We keep at least 20% - underwriter decides if it is more – to represent and support our partnership approach with our reinsurers;*
- *We keep our full retention;*
- *We will keep a share of the risk at the reinsurers rate, using their experience; and*
- *Yes. Sometimes this is part of the deal negotiated with the reinsurer.*

Q14: Do you use any special automatic reinsurance pools for foreign travel risk cases inside your normal retention?

The responses were:

Table 31 - Use of Special Automatic Reinsurance Pools for Foreign Travel Risks

Use Special Automatic Reinsurance Pools?	# of Respondents	% of Respondents (N=59)
Yes	5	8%
No	54	92%

The survey requested additional details regarding ‘yes’ answers. Additional responses included the following:

- *Depending on duration of travel, time outside the US, we may have reduced retention, autobind and jumbo limits;*
- *Participate with reinsurance pool under on International Risk Program designed to provide coverage for foreign nationals;*
- *We use a foreign risk automatic pool for coverage in excess of our foreign travel/residence retention;*
- *Plan to establish; and*
- *All foreign travel/residence risks are supported by our automatic reinsurance pool.*

Q15: Do you seek your reinsurer’s approval for your underwriting guidelines in states that have special laws with respect to foreign travel?

The responses were:

Table 32 - Reinsurer Approvals of Company Underwriting Guidelines

Seek Reinsurer’s Approval?	# of Respondents	% of Respondents (N=59)
Yes	23	39%
No	35	59%
No response	1	2%

Thirty-five companies (59% of the total sample) stated that they do not seek preliminary reinsurer approval for foreign travel underwriting guidelines in states with special laws or regulations. The survey did not ask a follow-up question about whether reinsurers were informed even when preliminary approval was not sought.

Twenty-two companies added explanatory comments. The most common observation was that they do inform the reinsurers of their guidelines, but do not seek preliminary approval from them. Another common observation was that a company’s legal department’s interpretation of the law rendered preliminary approval from the reinsurer unnecessary. Specific responses were as follows:

- *“Seek approval” is too strong a phrase. We convey what we believe must be done to comply with a state’s regulation and assume the reinsurers will follow. This far, they have;*
- *2 years ago, our reinsurers expressed a position that they were willing to go along with our decisions in states with legislation;*
- *Bind under normal guidelines, treaty doesn’t exclude;*
- *But the usually say “up to you”;*
- *Generally we advise them of what our position is on these matters and let them decide if they wish to participate or not;*

- *If a state restricts foreign travel underwriting, we've stopped underwriting. We've communicated our action to all our reinsurers;*
- *If the risk does not fit our automatic reinsurance guidelines, or internal guidelines for full retention, then the risk may be submitted for facultative reinsurance quotes;*
- *In line with reinsurer guidelines;*
- *No reason, the reinsurers are a secondary market, and we have no choice but to follow state regs;*
- *Our guideline is put in place to comply with the regulation;*
- *Our reinsurance agreements/treaties indicate reinsurers will support our action in the face of specific state law mandating no adverse action based on foreign travel on automatic (fragment);*
- *Our reinsurers agreed to support us in states where we cannot underwrite based on foreign travel;*
- *Our reinsurers are apprised of/approve our guidelines in all states;*
- *Reinsurers have requested that we do not send them cases facultatively because of State regulations. They ask us to take the appropriate action, and they will follow our lead;*
- *We believe our underwriting guidelines meet the requirements of state regulations and therefore do not need the approval of our reinsurers;*
- *We define our approach in internal underwriting guidelines and provide all reinsurers with copies of the guidelines. We notify but don't explicitly seek approval;*
- *We follow the laws;*
- *We have an agreement with each reinsurer that we will follow state regulations;*
- *We have discussed travel guidelines and situations with reinsurers, our legal staff and other direct writers;*
- *We inform our reinsurers of our guidelines;*
- *We used to seek their concurrence, however, many took the stand that the state laws did not apply to them and it was our problem; and*
- *We work closely with our reinsurers to monitor state laws and regs. We think we're all on the same page.*

Q16: Please provide any additional comments with respect to the reinsurance of foreign travel risks:

Responses included the following:

- *If the list of states that do not allow life companies to use future travel as an underwriting risk criteria (sic) continues to increase I would eventually consider eliminating underwriting foreign travel across the board;*
- *It is my feeling that some of the states that are mandating legislation in relation to foreign travel have very little understanding regarding antiselection, the risk selection process, the exposure of the risk to companies etc.;*
- *Reinsurance guidelines on foreign travel risks are not generally competitive;*
- *We work closely with our reinsurance partners and if they are unwilling to participate, we will usually fully retain and limit the face amount/product type; and*
- *Wide variety of opinion exists.*

Statistical Section

Q17: Does your company capture and retain data specifically about foreign travel risks at the time of underwriting / issue / declination?

The responses were:

Table 33 - Companies That Capture/Retain Foreign Travel Risk Data at Time of Underwriting Decision

Capture and Retain Data?	# of Respondents	% of Respondents (N=59)
Yes**	11	19%
No	48	81%

Only 11 (19%) of the 59 companies in the final sample currently capture and retain data specifically about foreign travel risks at the time of an underwriting decision.

**One company answered ‘yes’ to this question, but later stated that it only captured information in states where it did not underwrite for the foreign travel risk and only for risks for which it felt that it would have taken an adverse action if possible. Therefore, for the purposes of the survey, this answer was treated as a ‘yes,’ but the data is limited. Another company captures data for Florida and Georgia only. Although it answered “no” to this question, its response was treated as a ‘yes.’

The 48 companies who answered ‘no’ were asked the following follow-up question:

Q17A: If ‘no,’ does your company intend to begin capturing and retaining this data in the future?

The responses were:

Table 34 - Companies That Intend to Begin Data Collection in the Future

Intend to Capture and Retain Data in Future?	# of Respondents	% of Respondents (N=48)	% of Sample (N=59)
Yes	5	10%	8%
No	40	83%	68%
No response	3	6%	5%

Of the 48 companies who do not do this at present, only five (8% of sample) stated that they plan to do so in the future, although one company stated that it does keep data about cases where an adverse action would have been taken in states where it does not underwrite foreign travel but would if it could do so.

The remaining questions in the sequence from Q17B-20 apply to those 11 companies who answered ‘yes’ to Q17.

Q17B: How is this data captured?

The responses were:

Table 35 - Data Capture Methods

How is Data Captured?	# of Respondents	% of Respondents (N=11)
Electronically	5	45%
Manually	3	27%
Both	2	18%
No response	1	9%

Responses were generally mixed between those capturing data electronically, manually or both. Seven (64%) of the 11 used electronic capture with or without manual capture.

Q17C: How long have you been gathering this data?

The responses were:

Table 36 - Number of Years for Which Data is Available

How Long Gathering Data?	# of Respondents	% of Respondents (N=11)
10+ years	3	27%
1-2 years	3	27%
2-5 years	2	18%
Less than 1 year	2	18%
No response	1	9%

The length of time this data is available from companies varied considerably, with the most common responses being 1-2 years and 10+ years.

Q17D: What types of information are captured? (Please include all that apply)

The responses were:

Table 37 - Types of Information Captured

Information Captured	# of Respondents	% of Respondents (N=11)
Underwriting Action Taken (Standard/Rate/Decline)	8	73%
Location of Travel	6	55%
Occupation	4	36%
Duration of Travel	2	18%
Reason for Travel	2	18%
No response	1	9%

The most common type of information captured was the underwriting action taken (standard/rate/decline). It was chosen by 73% of the respondents.

Q17E: What types of foreign travel risks are tracked by your department?

The responses were:

Table 38 - Scope of Foreign Travel Risks Tracked

Types of Foreign Travel Risks Tracked?	# of Respondents	% of Respondents (N=11)
All Foreign Travel Risks	7	64%
Ratable & Declinable Risks Only	2	18%
Ratable & Declinable Risks not rated or declined in special states only	1	9%
Florida & Georgia Travel Risks Only	1	9%

Of the respondents who track foreign risks, most track all foreign travel risks.

Q17F: In jurisdictions where you do not underwrite travel risks due to state laws or regulations, does your company maintain information about foreign travel risks for statistical and informational purposes only?

The responses were:

Table 39 - Data Capture in States Where Foreign Travel Risks are Not Underwritten

Maintain Information about Foreign Travel Risks?	# of Respondents	% of Respondents (N=11)
Yes	9	82%
No	1	9%
Florida & George Travel Risks Only	1	9%

In addition to the figures shown above, three companies that answered ‘no’ to Q17 answered ‘yes’ to this question. Since they ignored a skip pattern in the questionnaire in order to answer this question, it is possible that additional companies not reflected in the Survey may engage in that practice.

A follow-up to Q17F was asked:

If ‘yes’, do you use the same tracking criteria mentioned in Q17D above?

Eight of the nine companies answering ‘yes’ to Q17F responded with ‘yes.’ One company that answered ‘yes’ to Q17F did not respond. The company tracking Florida and Georgia only stated that it collected data for the purposes of reporting to the two states’ Departments of Insurance.

If ‘no’, how do your criteria differ?

The one company answering ‘no’ to Q17F responded with “We ONLY track data for cases that we have been forced to accept that we would have otherwise rated or declined if it hadn’t been for a state regulation.”

Q18: What percentage of applications submitted in 2007 involved foreign travel risks?

The responses were:

Table 40 - Percentage of Submitted Applications in 2007 Involving Foreign Travel Risks

% of Applications Involving Foreign Travel Risks?	# of Respondents	% of Respondents (N=11)
Don't Know	4	36%
5%+	3	27%
1-2%	2	18%
<1%	2	18%

As seen above, over one-third of the companies didn't know their percentage of cases involving foreign travel risk. For those that do, three chose 5%+ and four 2% or less.

Q19: For Underwriting decisions made in 2007 involving foreign travel risks, please complete the following charts:

Tables 41-46 detail the specific responses to the prevalence of specific underwriting actions for applications in 2007 involving foreign travel risk.

Table 41 - Percentage of Foreign Travel Risks Issued at Best Class Applied For

Percentage of Foreign Travel Risks Issued at Best Class Applied For	# of Respondents	% of Respondents (N=11)
Don't Know	5	46%
99%	1	9%
97%	1	9%
32%	1	9%
30%	1	9%
1%	1	9%
No Response	1	9%

Table 42 - Percentage of Foreign Travel Risks Issued at Less Favorable Preferred or Standard Class Than Otherwise Eligible For

Percentage of Foreign Travel Risks Issued at Less Favorable Preferred or Standard Class Than Otherwise Eligible For	# of Respondents	% of Respondents (N=11)
Don't Know	5	46%
60%	1	9%
42%	1	9%
1%	1	9%
<1%	1	9%
0%	1	9%
No Response	1	9%

Table 43 - Percentage of Foreign Travel Risks Issued Substandard (Flat Extra or Table Rating)

Percentage of Foreign Travel Risks Issued Substandard (Flat Extra or Table Rating)	# of Respondents	% of Respondents (N=11)
Don't Know	3	27%
<1%	2	18%
70%	1	9%
4%	1	9%
2%	1	9%
1%	1	9%
0%	1	9%
No Response	1	9%

Table 44 - Percentage of Foreign Travel Risks Declined

Percentage of Foreign Travel Risks Declined	# of Respondents	% of Respondents (N=11)
Don't Know	3	27%
0%	1	9%
22%	1	9%
10%	1	9%
6%	1	9%
1%	1	9%
<1%	1	9%
No Response	1	9%
30%	1	9%

Table 45 - Percentage of Foreign Travel Risks Issued With Travel Exclusion

Percentage of Foreign Travel Risks Issued With Travel Exclusion	# of Respondents	% of Respondents (N=11)
Don't Use Travel Exclusion	6	55%
No response	3	27%
Use Exclusion but Don't Know	1	9%
Use Exclusion Rarely, 0%	1	9%

Table 46 - Percentage of Foreign Travel Risks Offered Alternative Plan Type

Percentage of Foreign Travel Risks Offered Alternative Plan Type	# of Respondents	% of Respondents (N=11)
Don't Know	4	37%
Don't Offer Alternative Plans	3	27%
0%	3	27%
No Response	1	9%

The Survey offered an ‘Other’ category for this question to provide an opportunity to give any responses not captured in the previous categories. No ‘Other’ responses were provided.

Of the ten companies that keep significant statistical data, the statistical splits by decision type are detailed in Table 47 below (DK = Don’t Know, DU = Don’t Use, NR= No Response). The 11th company answered ‘NR’ for all.

Table 47 - Underwriting Actions Taken as a Percent of Foreign Travel Risks Underwritten in 2007

Company	Best Available Class	Less Favorable	Substandard	Declined	Travel Exclusion	Alternate Plan
1	1%	<1%	1%	0%	NR	DK
2	30%	60%	0%	10%	DU	DU
3	97%	1%	1%	1%	0%	DU
4	DK	DK	DK	DK	DU	DK
5	DK	DK	DK	DK	NR	DK
6	DK	DK	2%	6%	DU	DK
7	DK	DK	DK	DK	DU	DK
8	DK	DK	<1%	<1%	DU	DU
9	99%	0%	70%	30%	DU	0%
10	32%	42%	4%	22%	DK	DK

It is clear from the preceding table that the intent of Q19 may have been misunderstood by some of the respondents, and consequently, the responses to Q19 generally may not be reliable.

Q20: Does your company maintain cause of death information on cases identified as foreign travel risks at the time of underwriting?

The responses were:

Table 48 - Prevalence of Cause of Death Tracking for Known Foreign Travel Risks

Maintain Cause of Death Information?	# of Respondents	% of Respondents (N=11)
Yes	6	55%
No	5	45%

In addition to the figures shown above, an additional company that answered ‘no’ to Q17 answered ‘yes’ to Q20. Since that company ignored a skip instruction in the questionnaire to answer that question, it is possible that additional companies might also do this post claim.

For the companies who answered ‘no’ to Q20, a follow-up question was asked:

If ‘no,’ does your company have plans to begin collecting such data in the next 12 months?

The responses were:

Table 49 - Plans for Future Cause of Death Tracking for Known Foreign Travel Risks

Plan to Begin Collecting Data?	# of Respondents	% of Respondents (N=5)
Yes	1	20%
No	4	80%

Q21: Does your company maintain detailed data about deaths that occur in foreign countries:

The responses were:

Table 50 - Statistical Tracking of Deaths in Foreign Countries

Maintain Detailed Data about Deaths?	# of Respondents	% of Respondents (N=59)
Yes	16	27%
No	42	71%
No Response	1	2%

Of the 11 companies who answered ‘yes’ to Q17 (track data from time of underwriting), only five answered ‘yes’ to this question.

For the 16 companies who answered ‘yes’ to Q21, a series of follow-up questions were asked:

Q21A: Is this segregated by military and non-military deaths?

The responses were:

Table 51 - Segregation of Military and Non-Military Data

Segregated by Military & Non-Military?	# of Respondents	% of Respondents (N=16)
Yes	4	25%
No	12	75%

Q21B: Is this segregated by country?

The responses were:

Table 52 - Segregation by Country

Segregated by Country?	# of Respondents	% of Respondents (N=16)
Yes	12	75%
No	4	25%

Q21C: Is the cause of death included in your data?

Table 53 - Cause of Death Indicators

Cause of Death Included in Data?	# of Respondents	% of Respondents (N=16)
Yes	15	94%
No	1	6%

Q21D: How long have you been collecting this data?

Table 54 - Number of Years for Which Data is Available

How Long Collecting Data?	# of Respondents
“Several” or “Many” Years	5
Decades	1
Since 1990	1
10+ Years	1
7 Years	1
6 Years	1
At Least 5 Years	1
Approximately 4 Years	1
3 Years	1
Roughly 18 Months	1
“All Info as a Part of Claims Process”	1
Unknown	1

The write-in responses varied considerably and are difficult to categorize.

Q22: Does your company maintain data on deaths occurring in the United States but related to diseases or injuries due to past foreign travel?

Table 55 - Data Tracking for Travel-Related Deaths in the United States

Maintain Data on Deaths in U.S.?	# of Respondents	% of Respondents (N=59)
Yes	0	0%
No	59	100%

No company tracks deaths occurring in the United States that are due to diseases or injuries related to past foreign travel.

Q23: Would your company be willing to participate in a follow-up intercompany mortality experience study of foreign travel risks if the Society of Actuaries sponsors such a study?

The responses were:

Table 56 - General Willingness to Participate in Intercompany Experience Study

Willing to Participate in Follow-Up Study?	# of Respondents	% of Respondents (N=59)
Yes	36	61%
No	17	29%
No Response	6	10%

However, only 11 companies reported currently collecting the relevant underwriting data, and the responses from those 11 companies were as follows:

Table 57 - Willingness of Companies That Collect Underwriting Data to Participate in Intercompany Experience Study

Currently Collect Data and Willing to Participate	# of Respondents Willing to Participate	% of Respondents Willing to Participate (N=11)
Yes	7	64%
No	3	27%
No Response	1	9%

Additionally, the five companies stating that they would start collecting the relevant underwriting data in the future all expressed a willingness to participate in a follow-up study.

For the 16 companies that collect some data at time of claim (with or without underwriting data), the responses were as follows:

Table 58 - Willingness of Companies That Collect Some Claims Data to Participate in Intercompany Experience Study

Collect Some Data at Time of Claim and Willing to Participate	# of Respondents Willing to Participate	% of Respondents Willing to Participate (N=16)
Yes	11	69%
No	3	19%
No Response	2	12%

Additionally, one company stating that it intended to start collecting cause of death data in the future also expressed a willingness to participate.

Of the five companies who answered ‘yes’ to both Q17 (track data from time of underwriting) and Q21 (detailed data about deaths in foreign countries), four stated that they would be willing to participate and one did not respond.

General

Q24: Please provide any additional comments regarding any items that you feel need further explanation or weren't adequately addressed by our survey questions:

This final question was provided as an opportunity for respondents to raise any issues that weren't adequately covered by the previous questions. All of the responses given were individualized clarifications regarding technical data and claims practices. We encourage the SOA to review those responses in the database if a follow-up data study is considered, but they are not appropriate for publication in this report.

Appendix A – Participating Companies

AGL Life
AIG (American General) Companies
Alfa Life Corp.
Allianz Life
Allstate Financial
American Family Life Insurance Company
American National Insurance Company
Americo Financial Life and Annuity Insurance Company
AXA-Equitable
Baltimore Life
Banner Life Insurance Company
Catholic Aid Association
Colonial Life Insurance Company of Texas
Conseco
CUNA Mutual Insurance Society
EmblemHealth Inc
Erie Family Life
Farm Bureau Life Insurance Company of Michigan
Farmers New World Life
Fidelity Life
First Investors Life Insurance Company
Genworth Financial
Gerber Life Insurance Company
Grange Life Insurance Company
Guarantee Trust Life
Hartford Life
Horace Mann Insurance Company
ING US Financial Services
Investors Heritage Life Insurance Company
Jackson National Life
John Hancock Life Insurance Company (U.S.A.)
Kansas City Life
Lincoln Financial Group
MassMutual
MetLife
Modern Woodmen of America
Monumental Life
Motorists Life Insurance Company
Nationwide Life
New York Life
Northwestern Mutual

Ohio National Financial Services
Pacific Life Insurance Company
Pan-American Life Insurance Group
Penn Mutual Life Insurance Company
Phoenix Life Insurance Company
Physicians Mutual Life
Primary Health Inc.
Primerica
Principal Life Insurance Company
Protective Life Insurance Company
Prudential
Reserve National Insurance Company
Sagicor Life Insurance Company
Shenandoah Life Insurance Company
Southern Farm Bureau Life Insurance Company
State Farm Insurance Companies
Stonebridge life
Thrivent Financial for Lutherans
TIAA-CREF Life Insurance Company
Transamerica Occidental Life
USAA Life
West Coast Life