

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

October 2009



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Introduction

This report presents the results of a survey on foreign travel underwriting practices of reinsurance companies conducted by the Society of Actuaries (SOA) Committee on Life Insurance Mortality and Underwriting Surveys. A separate survey on foreign travel underwriting practices of direct companies was conducted during the same period, and the results are reported separately. A section comparing the results of the two surveys is included with the direct company report.

The Survey was conducted in August of 2008 and was sent to all reinsurers and retrocessionaires who were reinsuring individual life business in the U.S. Sixteen companies responded. One answered that they did not underwrite for foreign travel or collect foreign travel data; hence, only 15 companies' answers are included for the other questions. Not all of the other companies responded to all questions.

The intent of the Survey was to gather information on reinsurers' views and current practices with respect to underwriting for foreign travel (13 detailed questions), their use of retrocession (four questions) and their statistical reporting practices so that the potential for conducting mortality or other surveys could be evaluated.

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 very 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. 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 (Crawford) Rosenberg, without whose help this could not have been completed.

Comments about this report and suggestions for the next survey are welcome and can be addressed to the Committee on Life Insurance Mortality and Underwriting Surveys c/o The Society of Actuaries.

Foreign Travel Survey Subcommittee

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Executive Summary

Sixteen reinsurers and retrocessionaires completed this Survey. Not all companies answered all questions. Given the relatively small numbers, the results are generally expressed as numbers as opposed to percentages.

The key results are summarized below.

Underwriting Practices

- Fifteen of the 16 reinsurers indicated that they use foreign travel as an underwriting criterion.
- Of the 15, 11 stated that they did and four stated that they did not have specific foreign travel risk guidelines published in an underwriting manual.
- For the 11 that do have specific foreign travel guidelines published in an underwriting manual:
 - Nine share their guidelines with their clients. (One did not answer and one said no.)
 - All use “outside of U.S., U.S. territories and Canada” to define foreign travel as a relevant risk factor.
 - Most allow travel of at least 30 days before considering the risk as a foreign travel risk.
 - There is a variety of opinion as to when foreign travel becomes foreign residency, with the majority view using a time limit of one year or less.
 - Only four respondents specify a specific underwriting timeframe for past or future travel in their guidelines.
 - Seven indicated that they did and four stated that they did not make distinctions in their guidelines based upon the reason for foreign travel. For those indicating that they did, vacation and business were considered more favorably and active military duty and missionary work less favorably.
 - Nine reinsurers indicated that their guidelines were developed internally and two indicated that they received assistance from a retrocessionaire.
- Of the four that do not have specific foreign travel guidelines published in an underwriting manual:
 - The answers to the same questions are generally consistent with those that do have specific foreign travel guidelines published in an underwriting manual.
 - However, of this group, only one of these four developed its guidelines internally. There is more reliance on retrocessionaire manuals or another reinsurer.
- Most reinsurers use multiple sources to underwrite a foreign travel risk, with the most popular being state department travel warnings and internally developed guidelines. Internally developed guidelines or retrocessionaire guidelines are ranked first by 10 of the 15 companies.

- Flat extras are the most common tool used to adjust non-standard travel risks.
- When asked about whether they currently underwrite for past or future travel in specified states, only eight companies answered yes or no. Only one company reported that it underwrites past travel in all states. Depending on the state, four to six stated that they do underwrite for future travel.
- Ten of the 15 reinsurers stated that they accepted automatic business from clients that do not underwrite for foreign travel in states that they (the reinsurer) felt such risks would be underwritten. Five said they wouldn't accept this business.
- In reviewing a client's application, most (8 of 13) indicated that they do not specify a timeframe for past travel, but for future travel, 10 of the 14 respondents stated that they do specify a time period (9 specify 12 months).
- When asked "What additional underwriting tools do you recommend that a client use to investigate foreign travel risks?," the most common tools that were usually or always recommended were the foreign travel supplemental application, additional details section of the application and Personal History Interview.
- When asked "What information sources do you recommend that your clients use to develop their internal guidelines to underwrite foreign travel risks?," the most common sources that were recommended were state department travel warnings, reinsurers' foreign travel guidelines, World Fact Book and United Nations Comparative Data. A reinsurer's own guidelines were given the highest priority by eight respondents and State Department travel warnings by five respondents.
- Eleven of the 15 reinsurers answered that they felt foreign travel should be a criterion for preferred risk classification.
- When asked what actions they had taken in the last two years as a result of state laws and regulations related to foreign travel, five indicated that no specific action was taken. Ten companies stated that "limit the amount reinsured" and "providing clients with advice" were the most common actions taken.

Use of Retrocession

- Only two reinsurers retrocede foreign travel risk cases within their retention facultatively to their retrocessionaires.
- Five of the 15 reinsurers indicated that they had set up special automatic retrocession pools for foreign risks. The other 10 indicated that they had not done so.
- When asked whether they shared both their own and their clients' foreign travel risk underwriting practices with their retrocessionaires, eight stated that they had, five stated that they had not and two (these were probably the retrocessionaires) did not answer.

Statistical Reporting

- Ten of the 15 reinsurers do not capture statistical data, while the other five do.
- Only one of the 10 not currently capturing statistical data indicated that it intends to do so in the future.
- Of the five reinsurers who stated that they capture statistical data:

- Four reinsurers only do so on facultative cessions and one on all cessions.
- Two capture data electronically only and three capture it both electronically and manually.
- Two reinsurers have been capturing data for 10 years or more, one for 2-5 years and two for less than two years.
- A variety of information is captured, with travel location and underwriting action being the most common elements.
- Two reinsurers track all foreign travel risks, and two track only ratable risks.
- For jurisdictions where there is no underwriting of foreign travel risks due to the state laws or regulations, three reinsurers said they maintain information and two do not.
- Only seven reinsurers answered the question regarding maintaining cause of death on cases identified as foreign travel risks and only two of these maintain cause of death information.
- Seven of the 15 reinsurers indicated that they maintain detailed claims data on deaths that occur in foreign countries. For these seven reinsurers:
 - Four segregate data by military vs. non-military and three do not.
 - Six segregate by country and one does not.
 - All include cause of death.
 - Five have been collecting data for more than five years and two for less than five years.
- No company appears to maintain death claim data on claims occurring in the United States but related to diseases or injuries acquired due to past foreign travel.
- Eight of the reinsurers said that they would participate in a follow-up intercompany mortality experience study of foreign travel risks if the SOA sponsored such a study. It should be noted, however, that only five companies currently track data and only one plans to track such data in the future.

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Foreign Travel Reinsurance Survey Report

Underwriting Practices

Q1. Where permitted by law, does your company use foreign travel as an underwriting criterion?

Of the 16 reinsurers and retrocessionaires (reinsurers for the rest of the survey unless noted) that completed this Survey (representing the vast majority of the market), 15 indicated that they use foreign travel as an underwriting criterion. Hence, the maximum response to Q2-17 is 15. The same reinsurer who answered no to Q1 also answered no to Q18, 18(A), 20 and 21. The remainder of this report will be based on the 15 companies who responded yes to Q1.

Q2. Do you have specific foreign travel risk guidelines published in an underwriting manual?

Of the 15 reinsurers using foreign travel as an underwriting criterion, 11 stated that they did, and four indicated that they did not have specific foreign travel risk guidelines published in an underwriting manual. Hence, 11 reinsurers answered Q2, and the other four answered Q3.

If yes:

Q2A. Do you provide your guidelines to your clients?

Nine responded that they shared their guidelines, one (a retrocessionaire) stated that it did not and one did not answer the question. The retrocessionaire which did not share its guidelines indicated that its clients have developed their own guidelines, and its own guidelines are used strictly for cases that they receive facultatively.

Q2B. What geographic range do you use to define foreign travel in your guidelines?

- Outside of United States and U.S. territories
- Outside of United States, U.S. territories and Canada
- Other (please specify)

All 11 of the reinsurers use “outside of United States, U.S. territories and Canada” to define foreign travel as a relevant risk factor.

Q2C. What minimum time period do you use to define foreign travel as a relevant risk factor?

Table 1

Minimum Time Period	# of Respondents
Any duration	1
2 or more weeks (14 or more days)	-
4 or more weeks (30 or more days)	2
8 or more weeks (60 or more days)	4
12 or more weeks (90 or more days)	3
Other	1
Total Respondents	11

As indicated in Table 1 above, there was a variety of responses to this question. Most reinsurers (9) allow travel of at least 30 days before considering the risk as a foreign travel risk. One company varies its definition depending on the location and purpose of the travel.

Q2D. What time period does your company use to determine whether to underwrite as a foreign residency risk rather than a travel risk?

Table 2

Time Period	# of Respondents
6 months or less	4
7 - 12 months	4
13 - 24 months	1
More than 24 months	2
Total Respondents	11

As shown in Table 2 above, again there is a variety of answers given as to when foreign travel becomes foreign residency. The “6 months or less” and “7-12 months” options were more common. Of those choosing “6 months or less,” two chose 90 days, one chose 60 days and one honors whichever standards are used by its clients. Both of the reinsurers who indicated “more than 24 months” use three years in their definition. One reinsurer commented on the length of a trip versus multiple short trips. If there are multiple short trips, none of which exceed the criteria for foreign travel, then they underwrite on the basis of the country where a person resides the majority of time.

Q2E. Do you specify a timeframe for past travel (how far back) and future travel (how far forward) in your guidelines?

Table 3

Timeframe	Past	Future
Within 6 months	-	-
Within 12 months	1	2
Within 24 months	1	1
No time specified	2	-
Other	-	1
Total Respondents	4	4

Seven responded that they had no timeframe and four indicated that they did. The answers of these four are provided in Table 3 above. The reinsurer who answered “Other” stated “short term travel eight weeks and residency three years.”

Q2F. Do your guidelines make any distinctions based upon the reason (e.g., vacation, business, etc.) for foreign travel?

Table 4

Reason	More Favorable	Less Favorable	Same
Vacation	3	-	2
Business	4	-	1
Active military duty	-	5	1
Missionary work	-	6	-
Other	-	1	-

Seven indicated that they did and four responded that they did not make any distinctions in their guidelines based upon the reason for foreign travel. For those saying that they did, the results are shown in Table 4 above. Not all answered for each “reason.” Only six of the seven provided specific responses; one stated that “all these factors play a part in the overall evaluation” but did not describe its treatment of specific factors. For these six reinsurers, “vacation” and “business” tend to be treated more favorably and “active military duty” and “missionary work” less favorably.

One reinsurer indicated that “journalists, political and government figures and judiciary are all viewed less favorably.”

Q2G. Please indicate the source of your guidelines:

Table 5

Source	# of Respondents
Developed internally	9
Another reinsurer's guidelines	0
Supplied by a retrocessionaire	0
Other	2
Total Respondents	11

Nine reinsurers indicated that their guidelines were developed internally. The other two involved their retrocessionaires. Specifically, the following two comments were made:

1. *Specific country ratings were supplied by a retrocessionaire, but timeframes are developed internally; and*
2. *Combination of retrocession and internal.*

Q3. As mentioned previously, four reinsurers indicated that they had no formal foreign travel guidelines in a manual. The following represents their answers to the same questions as presented in Q2.

Q3A. What geographic range do you use to define foreign travel in your guidelines?

- Outside of United States and U.S. territories
- Outside of United States, U.S. territories and Canada
- Other (please specify)

As for those with specific foreign travel guidelines published in a manual, all respondents use “outside of United States, United States territories and Canada” to define foreign travel.

Q3B. What minimum time period does your company use to define foreign travel as a relevant risk factor?

Table 6

Time Period	# of Respondents
Any duration	1
2 or more weeks (14 or more days)	0
4 or more weeks (30 or more days)	2
8 or more weeks (60 or more days)	1
12 or more weeks (90 or more days)	0
Other	0
Total Respondents	4

The results are shown in Table 6 above. When combined with Q2B, four or eight weeks are the most common periods for defining foreign travel as a relevant risk factor.

Q3C. What time period does your company use to determine whether to underwrite as a foreign residency risk rather than a travel risk?

Table 7

Time Period	# of Respondents
6 months or less	0
7 – 12 months	4
13 – 24 months	0
More than 24 months	0
Total Respondents	4

All four of those answering these questions use “7-12 months” to define the maximum period before a risk should be underwritten as a foreign risk. So, in total (see also Table 2), eight of the 15 reinsurers use this definition, four use “6 months or less” and three use 13 months or more.

Q3D. Do your rules make any distinctions based upon the reason (e.g., vacation, business, etc.) for foreign travel?

Table 8

Reason	More Favorable	Less Favorable	Same
Vacation	2	-	1
Business	1	-	2
Active military duty	-	3	-
Missionary work	-	3	-
Other	-	-	-

Three of the four reinsurers make distinctions based on the reason for foreign travel. As seen in Q2D, “vacation” and “business” tend to be treated more favorably and “military duty” and “missionary work” less favorably.

Q3E. Do you use a timeframe for past travel (how far back) and future travel (how far forward) in your foreign travel underwriting?

- Within 6 months
- Within 12 months
- Within 24 months
- No time specified
- Other

Three reinsurers indicated that they did use a timeframe for either future or past travel. Unfortunately, two reinsurers gave multiple answers. All three used 12 months for future and two used 24 months for past. One indicated that it did not use a timeframe for past travel, but it was used as a reference regarding any future travel locations.

Q3F. Please indicate the source of your rules:

Table 9

Source	# of Respondents
Developed internally	1
Modification of another reinsurer's guidelines	0
A retrocessionaire's manual	1
Modification of a retrocessionaire's manual	1
Other (including any combination of the above options)	1
Total Respondents	4

One indicated their rules were developed internally, one internally with the input of the retro, one a modification of a retro's rules and the fourth uses a retrocessionaire's rules. This is very different than the nine who indicated the source was "internal development" in Q2F.

Q4. What information sources do you use to facultatively underwrite a foreign travel risk? Please rank the 3 you consider the most important.

Table 10

Sources	Use	Priority #1	Priority #2	Priority #3
State Department Travel Warnings	14	4	5	4
World Fact Book	6	-	1	4
United Nations Comparative Data (such as World Health Organization data)	9	-	3	-
Retrocessionaire's Foreign Travel Guidelines	8	3	3	-
Internally developed foreign travel guidelines	10	7	2	-
Other reinsurers' foreign travel guidelines	2	-	-	2
Claims experience	2	-	-	1
Information from an external consultant	-	-	-	-
Other	4	-	2	1

Most companies indicated that they used multiple sources, with the distribution as follows:

2 sources	1 company
3 sources	8 companies
4 sources	3 companies
5 sources	2 companies
6 sources	1 company

The results for this question are highlighted in Table 10 above. Some reinsurers prioritized an item that they did not indicate that they used. The numbers shown include these as a “use.” As can be seen, 14 reinsurers indicated that they use the State Department warnings and 10 indicated that they use internally developed guidelines to facultatively underwrite a foreign travel risk. The next most popular are “United Nations comparative data” and “retrocessionaire’s foreign travel guidelines.” No one chose information from an external consultant.

Four comments were received under “Other,” namely:

1. *hazardous area very dynamic; all pertinent information utilized to evaluate;*
2. *CDC, BBC News/Country Profiles, British Foreign office;*
3. *Medex global updates; and*
4. *our experience.*

It is also interesting to analyze the ranking pattern. Two-thirds of the companies ranked either their own or a retrocessionaire’s guidelines as the most important source. Seven companies ranked their own internal guidelines as the most important resource. Three ranked the retrocessionaire’s guidelines as the most important resource. One company mentioned State Department travel warnings, UN data and its own manual without ranking them, so this may arguably be considered and one company ranked its internal guidelines as most important in combination with other factors.

While there is no dominant pattern, it is interesting to view how these resources were ranked in combination. These are grouped by tendencies in order of priority using the following key:

SD=State Dept., WF=World Fact Book, UN=United Nations, RF=Retrocessionaire, INT=Internal, OR=Other reinsurers, CE=Claims, OTH=Other

Priority Order	# of Companies
INT #1, SD #2, WF #3, UN <#3, RF <#3	1 Company
INT #1, SD #2, WF #3, UN <3	1 Company
INT #1, SD #2, OR #3	1 Company
INT #1, SD #2, OTH #3	1 Company
INT #1, UN #2, SD #3, WF <#3, RF <#3	1 Company
INT #1, UN #2, SD and OTH #3, WF and CE <#3	1 Company
INT #1, OTH** #2, SD #3	1 Company
RF #1, INT #2, SD #3, WF <#3	1 Company
RF #1, SD, WF and UN #2	1 Company
RF #1, OTH #2	1 Company
SD #1, RF #2, WF #3	2 Companies
SD #1, RF #2, OR #3	1 Company
SD #1, INT #2, CE #3	1 Company
SD, UN and INT equally (not ranked)	1 Company

**OTH = “our experience” for this entry.

The preceding shows that of the seven companies ranking their internal guidelines as the most important resource, four used State Department travel warnings as the second priority, two used UN data as second priority and one used claims experience as the second priority. Four of the seven used State Department travel warnings, the World Fact Book and UN data as resources. Two of the seven used internal claims experience as a secondary resource.

Of the three companies ranking a retrocessionaire’s manual as the most important resource, one ranked its internal guidelines as second priority, one ranked State Department travel warnings as second priority and one ranked “all pertinent information” as second priority.

Of the four companies ranking State Department travel warnings as the most important resource, two ranked the retrocessionaires manual as second priority and one ranked its own guidelines as second priority.

Overall, six (including the ‘unranked’) companies used some “1-2” combination of their own guidelines and State Department travel warnings, and four companies used some “1-2” combination of their retrocessionaire’s guidelines and State Department travel warnings for 10 companies overall.

Q5. Which tools does your company use to adjust non-standard travel risks that are underwritten facultatively?

Table 11

Tool	Always Use	Usually Use	Sometimes Use	Rarely Use	Don't Use	Blank
Flat extra	10	3	1	1	-	-
Table rating	-	-	-	-	12	3
Travel exclusion	-	-	2	-	11	2
Limit face amount	1	3	7	2	1	1
Limit product type	1	1	3	2	6	2
Other	-	-	1	-	1	-

The answers given for tools used to adjust for non-standard foreign travel risks are included in Table 11 above. Everyone uses flat extras to some degree, with 10 reinsurers indicating that they always use it. Eleven reinsurers at least sometimes limit the face and five at least sometimes limit the product sold. No one reports using table ratings. One reinsurer responded “sometimes” under “Other” and indicated that if travel details are uncertain, then they will not participate.

Q6A. Please indicate whether your company currently underwrites facultative cases for past / future foreign travel risks in the following states by checking the appropriate boxes in each line of the following chart:

Table 12

State	Past Travel	Future Travel
CA	1	4
CO	1	4
CT	1	4
FL	1	4
GA	2	6
IL	1	4
MD	2	6
MA	1	4
NJ	1	5
NY	2	6
WA	1	4

Of the 15 respondents, one stated that it does not underwrite facultative cases, three did not respond and three indicated that they honor the practices of their clients in this area. This is based on our interpretation of the answers after attempted follow-up with respondents on this question. Of the remaining eight that answered yes or no, the results are indicated in Table 12 above. One reinsurer felt that it could underwrite for past and future foreign travel in all the listed states. For past travel, another reinsurer indicated

that it could underwrite in GA and a third reinsurer indicated that it could underwrite in MD and NY. Four of the eight felt that they could underwrite in all states for future travel and, for some states, five or six felt they could underwrite for future travel.

Q6B. Do you accept automatic business from clients that do not underwrite for foreign travel in states that you feel such risks can be underwritten?

Ten reinsurers responded that they accepted automatic business from clients that do not underwrite for foreign travel in states where they (the reinsurer) felt such risks could be underwritten. Five responded that they would not accept these risks.

Eleven of the reinsurers provided additional comments as follows:

1. *we do not control all the business that gets ceded to us;*
2. *where there is no current or pending legislation, past and future travel should be considered when making an underwriting decision;*
3. *our clients are very careful to follow appropriate legal advice for each jurisdiction and we do not usually disagree with their actions;*
4. *individual consideration based on client request and program participation;*
5. *we will consider foreign travel in all states if the travel is of significant risk for excess mortality. Automatic business is accepted on the basis that high risk foreign travel will be sent on a facultative basis;*
6. *we will accept auto cases under pre-approved underwriting requirements used by the ceding companies' rules and will go so far as what the laws allow;*
7. *we are bound automatically by clients who do not rate for travel;*
8. *we are currently not accepting any facultative business;*
9. *we follow the fortunes of the client and state specific legislation;*
10. *yes, if they advise us before hand and we have a chance to evaluate price ramifications; and*
11. *will tend to support clients up to our representative automatic share.*

Q7. In reviewing a client's application question(s) with respect to past foreign travel, how far back in time do you recommend?

Table 13

Time Period	# of Respondents
Travel within the last 6 months	0
Travel within the last 12 months	3
Travel within the last 24 months	2
Travel within some other period of time	0
All past travel	0
Do not specify – let client choose own timeframe	8
Total Respondents	13

Thirteen answered this question, one left it blank and one indicated that it did not review the application questions. Of the 13, eight indicated that they did not specify, three indicated 12 months and two responded 24 months.

Q8. In reviewing a client's application question(s) with respect to future foreign travel, how far into the future do you recommend?

Table 14

Time Period	# of Respondents
Travel within the next 6 months	0
Travel within the next 12 months	9
Travel within the next 24 months	1
Travel within some other period of time	0
Do not limit	0
Do not specify – let client choose own timeframe	4
Total Respondents	14

The answers with respect to future travel were quite different. For both sections, the same reinsurer answered that it did not review application questions. Of the other 14, nine specified 12 months and one specified 24 months. Only four did not recommend a timeframe.

Q9. What additional underwriting tools do you recommend that a client use to investigate foreign travel risks?

Table 15

Tool	Always Recommend	Usually Recommend	Sometimes Recommend	Rarely Recommend	Don't Recommend	Blank
“Additional Details” section of the application	3	8	1	1	-	2
Foreign Travel Supplemental Application, which is made part of the application	9	4	1	-	-	1
Personal History Interview or telephone inspection report	3	6	5	1	-	-
Street inspection report	-	3	4	2	2	4
Attending Physician’s Statement	-	2	3	2	3	5
Other 1	-	-	-	-	-	-
Other 2	-	-	-	-	-	-
Other 3	-	-	-	-	-	-

All 15 reinsurers answered this question, but not all answered for each requirement. The results are included in Table 15 above. The foreign travel supplemental application, additional details section of the application and Personal History Interview are the most common requirements usually or always recommended. Most of the other requirements are sometimes or rarely recommended. A small number of reinsurers do not recommend street inspections or attending physician reports. No “Other” requirement was suggested.

Q10. What information sources do you recommend your clients use to develop their internal guidelines to underwrite foreign travel risks? (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.

Table 16

Sources	Use	Priority #1	Priority #2	Priority #3
State Department Travel Warnings	15	5	6	3
World Fact Book	10	-	1	5
United Nations Comparative Data (such as World Health Organization data)	10	1	2	1
Reinsurer’s Foreign Travel Guidelines	13	8	3	2
Information generated internally by actuarial department	6	-	2	-
Internal claims experience	6	1	-	3
Information from an external consultant	1	-	-	-
Other	1	-	-	-

All 15 reinsurers answered this question.

Most companies recommended the use of multiple sources, with the distribution as follows:

3 sources	6 companies
4 sources	2 companies
5 sources	3 companies
6 sources	1 company
7 sources	2 companies

One company listed one resource (State Department travel warnings) but went on to say “we technically don’t” in the comments section.

The answers to this question are recorded in Table 16 above. The most common sources recommended are the State Department Travel warnings, Reinsurers foreign travel guidelines, World Fact Book and the United Nations Comparative Data. A reinsurer’s own guidelines are given the highest priority by eight reinsurers and five chose the State Department travel warnings as their highest priority.

One reinsurer offered an additional item under “Other” – CDC, BBC, USCIS, British Foreign Office and State Department Consular reports on specific countries, but this was not ranked in its top three priorities.

While there is no dominant pattern, it is interesting to view how these resources were ranked in combination. The following does not include the company that stated “We technically don’t” make recommendations. These are grouped by tendencies in order of priority using the following key:

SD=State Dept., WF=World Fact Book, UN=United Nations, RF=Reinsurer's guidelines, INT=Internal from actuarial, CE=Claims, Cons=Consultant, OTH=Other

Priority Order	# of Companies
RF #1, SD #2, WF #3	2 companies
RF #1, SD #2, WF #3, UN <#3	1 company
RF #1, SD #2, CE #3, WF and INT <#3	1 company
RF #1, SD #2, CE #3, WF, UN and INT <#3	1 company
RF #1, SD #2, UN #3	1 company
RF #1, UN #2, WF #3, SD, INT, CE and OTH <#3	1 company
RF #1, INT #2, SD #3, WF and UN <#3	1 company
SD #1, RF #2, WF #3, UN <#3	1 company
SD #1, UN #2, RF #3	1 company
SD #1, WF #2, RF #3, UN, INT, CE, CONS <#3	1 company
SD #1, INT #2, CE #3, WF and UN <#3	1 company
UN #1, RF #2, SD #3	1 company
CE #1, RF #2, SD #3	1 company

Interestingly, of the four companies that stated that they do not publish foreign travel guidelines in their manual, all four recommended that their clients use a reinsurer's guidelines for guidance, one as 1st priority, two as 2nd priority and one as 3rd priority. Two companies that do have written guidelines did not list those guidelines as a recommended resource.

Q11. Do you believe that foreign travel should be used as a criterion for preferred risk classification?

When asked if foreign travel should be a criterion for preferred risk classification, 11 reinsurers answered yes and four responded no.

Those that responded yes had the following additional comments:

1. *the purpose and destination of some travel presents some added mortality risk;*
2. *exposure to unusual travel risks should preclude the best preferred classification. Depends on the pricing; extensive foreign travel does present some additional risk which should be factored in;*
3. *certain types of foreign travel can be dangerous. traveling in a combat zone for example;*
4. *frequent foreign travel exposes a person to greater risk than those who do little or no foreign travel;*
5. *No preferred if travel to underdeveloped countries or places with DOS warnings;*
and
6. *extended travel to areas deemed high risk may impact health quality.*

In essence, they all indicated that the mortality level associated with foreign travel risk (as they define it) is not consistent with preferred rate class (or at least the best preferred) assumptions.

One of the reinsurers that responded no stated “if foreign travel risk has been classified as acceptable then preferred risk classification should be available.”

Q12. Please indicate which of the following actions your company has taken in the last two years as a result of state laws or regulations related to foreign travel. (Please check all that apply)

Table 17

Action	# of Responses
No action taken	5
Stopped reinsuring foreign travel risks written in certain states	-
Increased premium rates across all lives or a class of lives	-
Limited the amount that will be reinsured	5
Limited the classes available	1
Formed new retrocession pools	-
Increased use of facultative retrocession	2
Provided client companies with data for actuarial justification	1
Provided client companies with other forms of advice	4
Other	2

Thirteen companies responded to this question. The actions taken in the last two years as a result of state laws and regulations related to foreign travel are itemized in Table 17 above. A number of reinsurers (5) indicated no action. But one of these five responded inconsistently, stating both that it took no action but also limited the amount to be insured and gave other advice to clients. Some indicated more than one action. The most common actions taken are to limit the amounts reinsured and providing clients with advice. One company stated that it limited the amount reinsured, limited the classes available and increased the use of facultative retrocession. One company stated that it limited the amount reinsured and increased the use of facultative retrocession. One company said that it provided its clients with both data for actuarial justification and other advice.

No company indicated that it had taken any of the following actions:

1. stopped reinsuring foreign travel risks written in certain states;
2. increased premium rates across all lives or a class of lives; and
3. formed new retrocession pools.

There were two responses to “Other”:

1. *stopped underwriting foreign travel in the states with foreign travel underwriting legislation* (Note: presumably this means stopped facultative underwriting); and
2. *followed and responded to client’s actions and questions.*

Three additional comments were also provided, namely:

1. *conduct research, continue to update our guidelines and look for new risk criteria that make sense;*
2. *we ask clients that we support their stance based upon their interpretation of state regulations; and*
3. *we use facultative retrocession only as a comfort for retro, not because we don't want the case or are not willing to take our retention. We also let retro know our assessment and extent of our participation.*

Q13. Please provide any additional comments with respect to the underwriting section:

Only one additional comment on underwriting was provided. One reinsurer stated “Common sense and sound underwriting judgment still rule. States should not be allowed to debate what risks the insurance companies should take.”

Use of Retrocession

Q14. Do you retrocede foreign risk cases that are within your retention to your retrocessionaires facultatively?

Of the 15 reinsurers who answered this question, only two indicated that they retrocede foreign travel risk cases within their retention facultatively to their retrocessionaires.

If yes:

Q14A. Is it for:

- all foreign travel risk cases
- all foreign travels risks for which preferred / standard rates are not available
- certain foreign travel risk cases (please explain)

One indicated that it was for all foreign risk cases and the other indicated that it was only for certain cases.

Q14B. If you get a better rate facultatively, do you keep some of the risk?

Even though they sought facultative reinsurance below their retention, both reinsurers indicated that they would keep some of the risk.

Q15. Have you set up any special automatic retrocession pools for foreign risk cases?

Five reinsurers indicated that they had set up special automatic retrocession pools for foreign risks, while 10 indicated that they had not.

Four reinsurers provided additional comments as follows:

1. *client by client basis;*
2. *yes but generally do not use because of limited participation in face amount applied for;*
3. *not for foreign travel cases. We have a separate foreign residence pool with different parameter; and*
4. *in the process of completing.*

Q16. Do you share your and / or your clients' foreign risk underwriting practices with your retrocessionaire?

When asked if they shared their and their client's foreign risk underwriting practices with their retrocessionaires, eight reinsurers indicated they did and five responded they didn't. Two did not answer.

Six comments were provided as follows:

1. *update annually and provide access to online guidelines;*
2. *our foreign risk practices are discussed with our retrocessionaires during the treaty process. Our clients' foreign risk practices are discussed with our retrocessionaires only if special circumstances arise;*
3. *obtain retro sign off for guidelines;*
4. *we provide our guidelines to our retrocessionaires during pool negotiations and audits;*
5. *at the beginning of every year we send the retros a listing of our country ratings; and*
6. *my practices and retro should price accordingly just as they price traditional business without reviewing each & every direct writer's criteria.*

Q17. Please provide any additional comments with respect to the retrocession of foreign travel:

Only two additional comments about retrocession and foreign travel were made:

1. *significant effort has to be made at the client level to accurately track residency, travel and claims for foreign travel and residency (e.g., cause of death “drowning” vs. 1. drowning, 2. “foreign National vs. US/CA; and 3. location). The same table used to request MIB can be used to track a claim. Unless we build a significant statistical data base, we can not influence a position or accurately measure the pricing impact. State Dept. and other reference data refer to populations as a whole and not necessarily insured populations; and*
2. *no longer use retro. Previous agreements required us to provide foreign risk underwriting practices to our retrocession pool.*

Statistical Reporting

Q18. Does your company capture and retain statistical data specifically about foreign travel risks at the time a cession is received?

Of the 15 reinsurers who responded to this question, 10 stated that they do not capture statistical data. The other five reinsurers responded that they do capture statistical data.

Q18A. If no, does your company intend to begin capturing and retaining this data in the future?

Of the 10 reinsurers who responded that they do not currently capture statistical data, eight indicated that they do not intend to capture data in the future. One reinsurer responded that they intend to capture data in the future. One reinsurer did not provide any response regarding future data capture.

Q18B. Is the information captured on:

Table 18

Which Cessions?	# of Respondents
All cessions	1
Automatic only cessions	0
Facultative only cessions	4
Total Respondents	5

Of the five reinsurers who stated that they do capture statistical data, one reinsurer responded that they capture data on all sessions and four reinsurers responded that they capture data on only facultative sessions.

Q18C. How is this data captured?

Table 19

Method	# of Respondents
Electronically	2
Manually	0
Both	3
Total Respondents	5

Of the five reinsurers who indicated that they do capture statistical data, two reinsurers responded that they capture data electronically and three reinsurers stated that they capture data both electronically and manually.

Q18D. How long have you been gathering this data?

Table 20

Time Period	# of Respondents
Less than 1 year	1
1 – 2 years	1
2 – 5 years	1
5 – 10 years	0
10+ years	2
Total Respondents	5

Of the five reinsurers who indicated that they capture statistical data, one reinsurer has been gathering information for less than one year, two respondents have been gathering for 10 years or longer, one reinsurer has been collecting data for 1-2 years and one reinsurer has been gathering for 2-5 years.

Q18E. What types of information are captured?

Table 21

Responses	# of Responses
Source of underwriting information for the travel risk (such as application, inspection report, etc.)	1
Location of Travel	3
Duration of Travel	2
Reason for Travel	2
Underwriting action taken (standard / rate / decline, etc.)	3
Occupation	1
Other	2

Other responses:

1. *Country category*; and
2. *Foreign travel, foreign residency & US citizenship*.

Five reinsurers responded to this question. The most common types of information captured are the travel locations and the underwriting actions taken. A couple of reinsurers stated that they also capture travel durations and reasons for travel. One respondent indicated that they capture occupation and source of underwriting information as well.

Q18F. What types of foreign travel risks are tracked by your department?

Table 22

Responses	# of Respondents
All foreign travel risks regardless of whether adverse underwriting action is required	2
Ratable and declinable foreign travel risks only	2
Ratable foreign travel risks only	0
Declinable foreign travel risks only	0
Other	1
Total # of Respondents	5

Other response:

1. *Ceded risk*

Two reinsurers responded that they track all foreign travel risks and an additional two respondents indicated that they track ratable and declinable foreign travel risks.

Q18G. In jurisdictions where there is no underwriting of foreign travel risks due to state laws or regulations, does your company maintain information about foreign travel risks for statistical and informational purposes only?

Five reinsurers responded to the question. Three reinsurers indicated that they maintain information about travel risks. The other two respondents stated that they do not.

If yes, do you use the same tracking criteria mentioned in Q18E above?

Of the three reinsurers who maintain statistical data even in jurisdictions where there is no underwriting of foreign travel risks, they all use the same tracking method mentioned in Q18E.

Q19. Does your company maintain cause of death information on cases that are identified as foreign travel risks either by ceding companies or during your facultative underwriting process?

Seven respondents answered the question. Five reinsurers stated that they do not maintain cause of deaths that are identified as foreign travel risks. The other two reinsurers indicated that they do maintain cause of death information.

If yes, is this information maintained for:

Table 23

Which Cases?	# of Respondents
Facultative cases only	1
Cases identified by ceding companies only	0
Both	1
Total Respondents	2

Of the two respondents who indicated that they do maintain cause of death information, one reinsurer stated the information is for facultative cases and the other reinsurer responded that the information is maintained for both facultative cases and cases identified by ceding companies.

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

Of the five respondents who indicated that do not maintain cause of death information, one reinsurer stated that it has plans to begin collecting such data in the next 12 months. Three other reinsurers responded that they have no plans to begin collecting the data.

Q20. Does your company maintain detailed claims data on deaths that occur in foreign countries?

Table 24

Responses	# of Respondents
No	8
Yes	7
Total Respondents	15

If yes:

Q20A. Is this segregated by military and non-military deaths?

Seven reinsurers responded to the question. Four of them stated that they segregate data by military and non-military status and the other three indicated that they do not do so.

Q20B. Is this segregated by country?

Seven reinsurers responded to the question. Six of the reinsurers stated that they segregate the data by country and one reinsurer indicated that it did not do so.

Q20C. Is the cause of death included in your data?

There were seven responses. All the reinsurers indicated that they include the cause of death in their data.

Q20D. How long have you been collecting this data?

Table 25

Responses	# of Respondents
5 or more years	5
2 or more years but less than 5 year	1
1 or more year but less than 2 years	0
Less than 1 year	1
Total Respondents	7

Most of the reinsurers have been collecting this data for more than five years, while a couple of respondents have started collecting data in the last few years.

Q21. Does your company maintain data on death claims occurring in the United States but related to diseases or injuries acquired due to past foreign travel?

All 15 respondents stated that they do not maintain claims data on death occurring in the United States but related to diseases or injuries acquired due to past foreign travel.

Q22. 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?

Of the 15 respondents, eight reinsurers indicated that they would participate in a follow-up study. The remaining respondents stated that they would not participate in a follow-up study. However, only three of the five companies that reported in Q18 that they currently collect statistical data during underwriting also stated that they would participate; two of the companies who collect such data stated that they would not participate. Additionally, one company that intends to collect such data in the future stated that it would participate in a follow-up study.

Of the companies that reported collecting claims data (see Q20), three stated that they would participate in a follow-up study.

Only two companies that collect both statistical data during underwriting and claims data stated that they would participate in a follow-up study. Interestingly, four companies who stated that they collect no statistical or claims data and have no plans to do so in the future stated that they would participate in a follow-up study. (One of these four did intend to begin collecting cause of death data on risks identified as foreign travel risks within the next twelve months.) This raises the possibility that they may have misunderstood the intent of the question.

If yes, would your data be based on:

Table 26

Data Basis	# of Respondents
Entire amount of original policy	1
Only the amounts reinsured with you	3
Other	3
Total Respondents	7

Of the eight respondents who were willing to participate in a future study, seven reinsurers responded to this question. One reinsurer stated that their data would be based on the entire amount of original policy. Three reinsurers indicated that they would report only the reinsured portion of the policy. Three reinsurers responded that the information could be based on both or either the entire policy or the reinsured amount.

Q23. Do you have any other comments with respect to reinsurers' contributions to mortality studies relating to foreign travel risk?

Two reinsurers responded to the question. Both the reinsurers provided the same general response, which indicated that insufficient information existed to permit participation in a mortality study.

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:

Three reinsurers responded. Here are the responses:

1. *Our system can secure data and has the ability to identify "foreign risk", "war related death" and detail provided by claim processor;*
2. *We can identify both the entire amount and the amount reinsured with us; and*
3. *We would encourage involving 3rd party like MIB or data solutions like TAI that can combine the direct and reinsurance pieces.*

Appendix A – Participating Companies

ACE Tempest Life Re USA
AXA Equitable
Canada Life Reinsurance
Generali USA Life Re
GenRe LifeHealth
Hannover Life Reinsurance Company
Manulife Reinsurance
Munich American Re
Optimum Re Insurance Company
RGA Reinsurance Company
Scottish Re
Sun Life Reinsurance
Swiss Re
Transamerica Reinsurance
Wilton Re
XL Re Life America