



SOCIETY OF ACTUARIES

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847/706-3500

Date: August 30, 2011

To: All Insurers Issuing Credit Disability Insurance or Credit Involuntary Unemployment Insurance

From: Christopher H. Hause, Chair
Credit Insurance Experience Committee

CC: John A. Luff
Experience Studies Actuary, SoA

RE: Credit Disability and Credit Involuntary Unemployment Claim Termination Study

The SOA's Credit Insurance Experience Committee (CIEC) is conducting the first modern claim termination study for credit disability and credit involuntary unemployment insurance. In addition to developing a base claim continuance table, we will also be attempting to study variations by economic conditions, market, premium method and other variables.

Historically, companies have relied on outdated tables (such as the 1964 CDT) and modifications of these tables for valuing continuing disability claims. This approach has provided no guidance for actuaries attempting to recognize a faltering economy or entering a new market. In addition, there has never been any kind of table to assist actuaries in pricing unemployment or in setting continuing unemployment reserves.

This study will provide companies and their actuaries with analysis and insight into their business by providing management and reserving tools which do not currently exist.

I am asking for your participation by submitting information on Credit Disability and Credit Involuntary Unemployment Insurance claims that were active at any time during 2001 through 2010 for all companies in your insurance company group. I have attached the specifications for the data call. **Please note that we do NOT need an extract for the entire time frame, nor is it crucial to include all business.** If data on certain sub-segments are difficult or impossible to submit, please only submit the subset of data that can easily be captured. If data for the entire 2001-2010 time period are not available, please submit data for the available shorter time period. Our goal is to capture enough data so that results are representative of the entire credit insurance industry, so any data you can submit would enhance the study.

Hause Actuarial Solutions has contracted to perform the data collection and can be contacted if you have any questions. They have agreed that this data will only be used for the purpose of this study, and that the identity of the company will not be associated with its experience after it has been collected, preserving confidentiality. Only Hause Actuarial Solutions and SOA staff will have access to any company level data. If the agreement between Hause Actuarial Solutions and the Society of Actuaries does not meet your needs, you may either send your experience to John Luff at the Society of Actuaries, or create a direct confidentiality agreement with Hause Actuarial Solutions.

In order to be included in the study the data must be received **by September 30, 2011**. If it is more convenient to provide the data in a different format, please feel free to submit it in your format, and we will convert it. The fields that are absolutely required in order for the data to be used are indicated with an asterisk.

If you are not the appropriate person to receive this data call, please forward it to the responsible party. **You are the only person in your company group receiving this letter.** I strongly encourage that you participate in this study to help to build a wide-spread study that truly represents a representative cross-section of companies and sources of business in the Credit Insurance Industry.

On behalf of the Credit Insurance Experience Committee, I thank you in advance for your participation. I look forward to your submission.

Please mail your data to:

Chris Hause
Hause Actuarial Solutions
7201 W. 129th St., Ste. 310
Overland Park, KS 66213
(913) 685-2200
chrish@hauseactuarial.com

OR

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Society of Actuaries
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Form A-1

Credit Disability Claim Data Request

Company Name _____

CREDIT DISABILITY CLAIM DATA

Company's 2010 Credit Disability Direct Net Written Premium _____

Approximate Percentage of Direct Business on Which Claim Data is Provided _____

Claim Period Covered by Data:

Beginning Month and Year _____

Ending Month and Year _____

If not providing complete 2001-2010 data, please describe the nature of the omitted data:

Contact: Name _____
 Address: _____

 Phone # _____
 Fax # _____

Can we release name and company to Hause Actuarial? _____ YES

_____ NO

If certain requested detailed information is not available on a claim-by-claim basis, please estimate the make-up of the credit disability business by percentage (only to be completed in the absence of detail data on the various data points):

Own Occupation Period: _____ 12 Months _____ Other (describe)

Market: _____ Credit Union _____ Finance Co. _____ Bank _____ Auto _____ Other Dealer

Sales Method: _____ Point-of-Sale _____ Post-Point-of-Sale

Premium Method: _____ Single Premium _____ Monthly or Periodic Premium

Loan Type: _____ Installment _____ 1st Mortgage _____ 2nd Mortgage _____ HELOC _____ Credit Card
 _____ Other Revolving

Form B

**Record Layout of Disk File (ASCII) Containing Input Data
Credit Disability and Involuntary Unemployment Termination Study Claim Record
Comma Delimited (Preferred) or Fixed-Length Are Acceptable File Types**

Field Description	Type	Length (for Fixed Length Files)	Options/Description
Company Name (will be replaced with Alpha Code on Receipt)*	Alphanumeric	20	Name of Company
Claim Identifier Number	Alphanumeric	20	Company's Unique Claim Identifier
State	Alphanumeric	2	Two-Digit State or Province Code UU = Unknown
Type of Claim*	Alphanumeric	1	D = Disability U = Unemployment
Cause of Claim	Alphanumeric	1	A = Accident S = Sickness U = Unknown Z = Unemployment Claim
Monthly Benefit Amount*	Numeric	10	Include 2 Decimals
Total Claim Amount Paid*	Numeric	10	Include 2 Decimals
Gender	Alphanumeric	1	F = Female M = Male U = Unknown or unavailable
Age at Claim Incidence*	Numeric	2	Age at Date Disability or Unemployment Began
Incurred Date*	Date	8 (MMDDYYYY)	Date Disablement or Unemployment Began
Claim Paid-to Date*	Date	8 (MMDDYYYY)	Date the Claim was Paid Through
Benefit Expiration Date*	Date	8 (MMDDYYYY)	Last Date Through Which Benefits could have been Paid at Time of Incurral
Claim Status as of File End Date	Numeric	1	0 = Pending 1 = Open 2 = Closed
Reason for Claim Termination*	Numeric	1	1 = Benefit Expiration or lump sum settlement (due to permanent disability) 2 = Other (Death, Recovery, Return to Employment, Loan Paid Off) 9 = Unknown or Still Active
Waiting Period in Days*	Numeric	2	e.g. 03, 07, 14, 30, 90 99 = Other or Unknown
Retro or Non-Retro*	Numeric	1	0 = Non-Retro 1 = Retro 9 = Unknown
Critical Period Indicator	Numeric	1	0 = Full Benefit 1 = Critical Period with Recurring Maximum Benefit 2 = Critical Period with Limited Lifetime Benefits 9 = Other or Unknown
Own Occupation Period in Months	Numeric	2	Number of Months after which Insured must be Disabled from "any fitting occupation" for Continued Disability 00 = Any Occupation from Beginning of Claim 12 = 12-month, 18 = 18-month, etc.

			90 = Own Occupation Throughout Claim Period 99 = Unknown or n/a for Unemployment
Source of Business	Numeric	1	1 = Credit Union 2 = Finance Company 3 = Bank 4 = Auto Dealer 5 = Retail Dealer 9 = Unknown
Sales Method	Numeric	1	0 = Point of Sale 1 = Non-specific Post-Point of Sale Marketing 2 = Direct Mail 3 = Telephone 4 = Internet 9 = Unknown or Other
Premium Method	Numeric	1	0 = Single Premium 1 = Monthly or Periodic Premium
Type of Loan	Numeric	1	0 = Installment other than Real Estate Secured 1 = First Lien Mortgage 2 = Second Lien Mortgage or other Real Estate-Secured 3 = Home Equity LOC 4 = Credit Card 5 = Other Revolving 9 = Unknown or Other

Notes:

- 1) * indicates required field; please include all fields, even if coded as unknown or other
- 2) Include only claim payments; DO NOT include claim handling expenses in the Monthly benefit Amount or Total Claim Amount Paid fields
- 3) Want current claim file and all claims available, including debtor group and group mortgage
- 4) All years not needed for a valid file
- 5) Comma delimited files should contain monthly benefit amounts with no commas or dollar signs; decimal point should be included