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International Experience Study Update

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The International Experience Study (IES) is a joint research venture of the SOA's International Section and Research Department, the International Actuarial Association, local actuarial associations and corporate sponsors to provide actuaries around the world with practical experience information in emerging markets. Without such data it has been difficult for actuaries to evaluate and illustrate business performance and/or market attractiveness to senior management. The study has evolved to the stage where the SOA Research Department has provided a Microsoft Access/Excel experience study "tool kit" to actuaries in about 50 companies in Asia, Europe and Latin America. Studies are in progress or

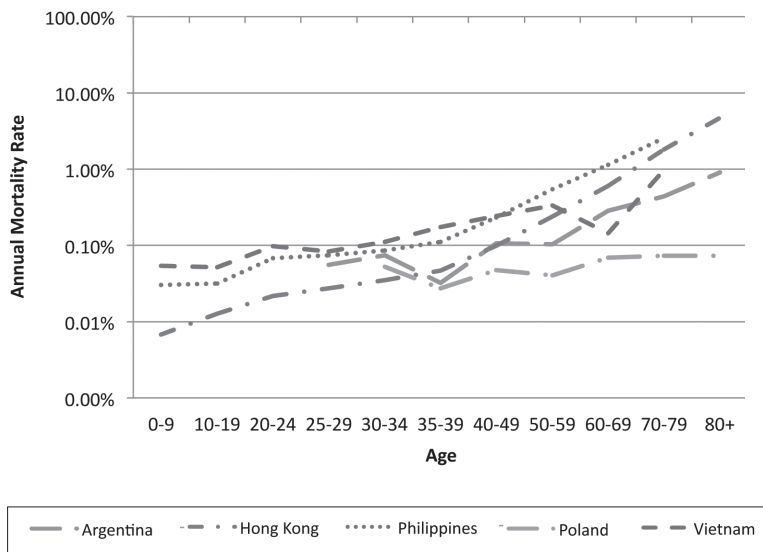
have been published for the following countries based upon experience during the 2000s:

- Argentina*
- Caribbean*
- Estonia
- Philippines
- Poland*
- Vietnam

*limited studies without all companies participating.

Discussions are also ongoing with actuaries in Colombia, Croatia and Kenya to produce additional studies. The most successful effort to date has been in Vietnam where the fourth consecutive study is under way.

FIGURE 1
Mortality Rates (annual)



Some observations from the studies are:

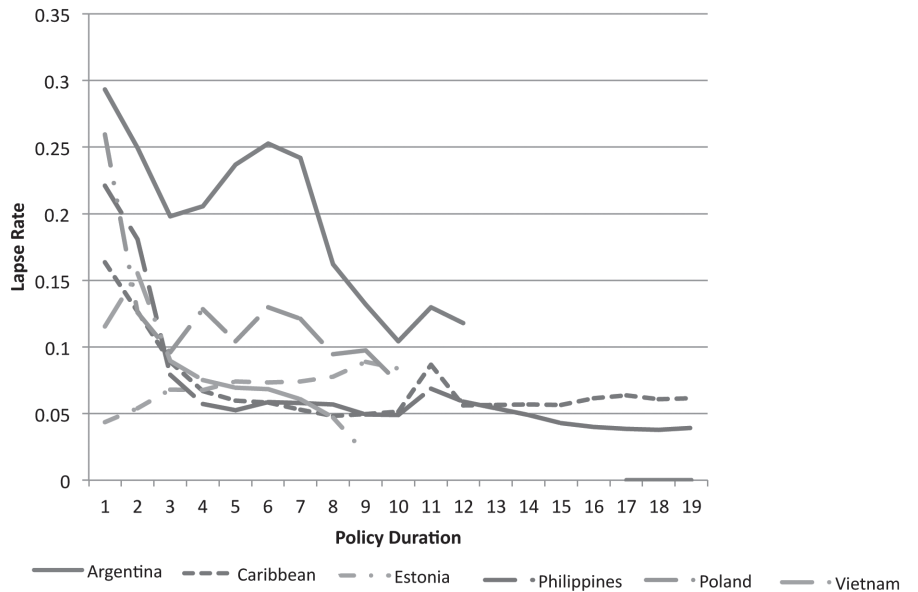
- Mortality experience is generally better than the 1975-80 SOA table but not yet approaching current U.S. insured mortality.
- Little evidence of selection has been observed in most countries and in one country anti-selection was observed.
- Significant differences have been found in some countries between male and female mortality. In one country female mortality is half male mortality, when measure by actual to tabular mortality.
- Lapses have generally demonstrated a decreasing trend as policies age, similar to older North American experience.
- Age / sex distributions vary greatly between countries.

Graphs comparing mortality and persistency from the most recent studies are shown in the figures 1 and 2.

The SOA IES is a joint effort of the SOA Research Department, the SOA International Section and the International Actuarial Association Mortality Working Group. The IES is especially grateful to corporate sponsors that have supported the initiative in terms of both time and money. Current sponsors are AXA, ING, MetLife, New York Life, Prudential and Zurich.

Additional information can be found at the SOA website under either the International Section or the Research Department pages.¹ Actuarial societies that wish to partner with the SOA in conducting an experience study should contact Cindy MacDonald, SOA Research Actuary, or Bill Horbatt, IESWG Chair for further information. They can be reached at cmacdonald@soa.org or horbatt@actmasol.com. □

FIGURE 2
Lapse Rates



END NOTES

¹ <http://www.soa.org/research/experience-study/ind-life/mortality/int-international-experience-study.aspx>