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NTM's Special Issue

by Steven Ostlund

This special issue of *NewsDirect* was authorized by the NTM Section Council to distribute the paper "A Credit Disability Morbidity Table." This special issue serves several purposes:

- 1) Foremost, it provides an opportunity for wide distribution of the paper, allowing exposure and discussion from a broad audience, which will result in better decisions by the users of the table.
- 2) It validates another role of the newsletter, the publishing of seminal articles of value to the members of the NTM Section in a timely manner.
- 3) It recognizes the efforts of several members of the NTM Section.

Let us consider the latter two purposes first. We have come to recognize the most common role of the newsletter: the distribution of news of interest to Section members. We see communications from our chair, programs being offered at Society meetings, summaries of sessions after these meetings, reprints of articles of interest to members of the Section, discussions of Section Council meetings, and business of the Section. But the Section Council also wants to be able to publish articles that might not otherwise be published. Thus, we have instituted a program offering awards to authors of articles that contribute to the education of Section members. We encourage all members of the Section to look at the work they do and consider if it might merit taking time to create an article for the newsletter. The editorial board and Section Council will happily assist anyone undertaking such an effort.

Relative to the third purpose, not only have the three authors been long-time Section members, but each is or has served on your Section Council. Most of the people assisting in the production of this paper, and in the process of getting it published are NTM Section members. Credit insurance actuaries are not very numerous; they clearly serve in a nontraditional market and frequently have difficulty finding the tools required to perform their tasks in a professional manner. When several of our members get together and produce a new tool, especially such a high quality and practical tool, it deserves recognition.

So now we return to the first purpose of this special edition of the *NewsDirect*. The enclosed paper, "A Credit Disability Morbidity Table," will be published in the *North American Actuarial Journal* at some time in the future. However, as is appropriate for such an esteemed publication, it will require extensive review and editing. This process will take quite a while before it results in publication. This paper is needed now for the Society of Actuaries and the National Association of Insurance Commissioners to begin the process of developing appropriate valuation standards for Credit Disability Insurance.

The paper has received a peer review and has been widely distributed through formal and informal peer review process. In order for the NAIC to reach the best possible decision as to its use as a basis for a valuation standard, maximal distribution is desirable. The paper describes an approach which is quite innovative in providing a means to have a "credit" disability table based upon the data that is available from the much larger market, Individual Disability Insurance. This innovative approach requires the best possible review that members of the Society of Actuaries can provide to validate its utility.

At the NAIC Spring Meeting, the authors met with the Accident and Health Subcommittee of the Life and Health Actuarial Task Force to describe their progress on this paper. The subcommittee accepted the preliminary report and voted to send a

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NTM's Special Issue

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request to the Society's Board of Governors to appoint a committee that would provide the subcommittee with valuation considerations based upon this table. The subcommittee would then develop language that would modify the Standard Valuation Law to include Credit Disability Insurance. We anticipate that this committee will be formed and make an initial report back to the subcommittee and the full LHATF at the Summer Meeting of the NAIC. With good fortune, a final report can be prepared and presented in September or December when the LHATF will recommend an amendment to the Standard Valuation Law and submit its language to its parent committee of the NAIC.

Then it proceeds up yet another level prior to the entire NAIC voting on it in General Session. Finally, each individual state needs to consider the amendment and decide to implement the changes independently.

So even though the process will extend for a considerable time, we must move with significant urgency now. Publishing this paper in *NewsDirect* is the first step, a step that your Section Council gladly took on behalf of its members and the industry we serve. The Council requests that you take the time to review this paper and consider whether you can help by participating in any stage of the process. To that end, not only has the Council provided this paper document for

you, but also has available upon request, a CD-ROM that contains the paper and its exhibits. Please contact Bon Butler at 305-252-7035, ext. 3038, or *Bob_Butler@assurant.com* for your own copy.

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