



SOCIETY OF ACTUARIES

Article from:

News Direct Newsletter

September 2004 – Issue No. 48



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CREDIT LIFE AND DISABILITY ACTIVE LIFE RESERVES

BY CHRISTOPHER H. HAUSE

Editor's Note: If you are interested in reviewing a draft of the paper described below, please contact Chris Hause at chrish@hauseactuarial.com.

Abstract

A definitive work for calculating active life reserves for credit insurance liabilities does not currently exist in actuarial literature. The products offered by credit insurers have changed considerably from the gross decreasing term life and full-benefit disability that had previously been the norm. Since 1986, there have been mortality and morbidity studies and regulatory changes in the area of active life-reserving methods and standards. The most dramatic change has been in the acceptance by NAIC and several states of morbidity-based reserve standards for credit disability insurers. This paper provides methods and formulas for calculating active life reserves for statutory and tax-reporting purposes. GAAP methods are discussed briefly in order to complete the discussion. ■

PIMA ANNOUNCES INNOVATION AWARD

The Professional Insurance Marketing Association (PIMA) has established a new award called the Product and Process Innovative Marketing Award—or P2IMA. PIMA's Product and Process Innovative Marketing Award competition, which is co-sponsored by SOA's Nontraditional Marketing Section, is open to all PIMA and SOA Nontraditional Marketing Section members. Entries will be judged equally on three critical elements: originality, salability and profitability. The product must have been introduced on or after January 1, 2001, and have involved a member of PIMA or the SOA in its development. Both insurance products and processes that facilitate insurance sales are eligible.

The entry fee is \$95. Entrants must be either PIMA members or SOA Nontraditional Marketing Section members. Members of the SOA who are not Nontraditional Marketing Section members may join the section by completing the application form that can be found on the SOA Web site at <http://www.soa.org/ccm/content/areas-of-practice/special-interest-sections/nontraditional-marketing/innovation-award>.

Membership in the Nontraditional Marketing Section costs \$20. The winner will receive an invitation to the PIMA conference in February 2005, a trophy and publicity within both PIMA and the SOA.

More information is available at the Nontraditional Marketing page of the SOA Web site at <http://www.soa.org/ccm/content/?categoryID=340001> or by calling PIMA at 817-569-PIMA. ■