



The Bulletin Board

Updates on important events related to the Reinsurance Section

NEW SECTION LEADERSHIP

A new section leadership has been elected in July 2020: Xue-li Zhang will be the next council chair (xzhang@rgare.com) and Sean Kim (Seankim@municbre.com) will be the next vice chair. Stay tuned for news from the section leadership in the next newsletter on the transition to the new SOA community structure.

REINSURANCE SECTION RESEARCH UPDATE

by Ronora Stryker

Did you know each year the Reinsurance Section Council (RSC) allocates a significant amount of Section revenue on research for its members? In fact, the RSC has assembled a dedicated group of volunteers to form a research team to oversee the process to ensure relevant and quality studies are produced. Currently the team is further developing research project ideas in topic areas such as reinsurance and principle-based reserving, predictive modeling in underwriting and managing and measuring extreme event risk. Here is an update, as of July 2020, on the Reinsurance Section's sponsored research in process and studies recently completed.

CURRENTLY IN PROCESS

“Mortality by Socioeconomic Category in the United States.” The objective of this project is to construct a set of detailed U.S. life tables by socioeconomic category to allow year-over-year changes in mortality to be determined, giving insights into mortality improvement trends. These mortality improvement trends can then be fed into actuarial mortality improvement models to identify current and future mortality assumptions for insured cohorts. Work is underway and is in the mid-stage of the project.



“2020 Living to 100 Symposium.” In January of this year, thought leaders from around the globe gathered in Orlando to share ideas and knowledge on high-age mortality and morbidity and the challenges and opportunities associated with the increasing number of retirees. Over 20 research papers on such topics as aging measurement and mortality modeling, advanced-age mortality patterns and mortality trends were presented. They are currently being edited for publication in an online monograph. Session recordings of the presentations are now available and can be found at: <https://www.soa.org/resources/essays-monographs/2020-living-to-100/>.

“Mortality Improvement Trend Analysis.” To help actuaries develop and set mortality improvement assumptions, the focus of this project is on better understanding the key drivers of mortality improvement and how they vary. Work has yet to begin on the project as the Reinsurance Section is in negotiations with a researcher to perform the study.

“Life Reinsurance Treaty Recapture Provisions.” In today’s environment, recapture provisions are an important industry topic. In this study, recapture provisions from reinsurance treaties are compiled and analyzed, highlighting the reasons the specific provisions are of particular importance to direct-writing companies and/or to reinsurers, and how current practice has differed from the past. Additionally, the researcher(s) will identify the underlying objective each party to the transaction is aiming to achieve with the recapture provision, what obstacles have been encountered and what solutions have been found. Work is in the late stages as the research report is being prepared for publication.

RECENT PUBLICATIONS

“Company Practice Survey of Individual Life Insurance Accelerated Underwriting.” This study summarizes the results of a direct writer and a reinsurer company practice survey on accelerated underwriting. Among the areas addressed are the structure of accelerated underwriting programs, how programs are monitored, how accelerated underwritten business is performing relative to expectations and how companies are considering accelerated underwriting cohorts in the context of VM-20 assumption setting. <https://www.soa.org/resources/research-reports/2019/accelerated-underwriting-survey/>

“A Machine Learning Approach to Incorporating Industry Mortality Table Features in Mortality Analysis.” This research applies a machine learning approach that would enable a practicing actuary to incorporate key industry mortality table features into insured mortality analysis. <https://www.soa.org/resources/research-reports/2019/2019-machine-learning-approach/>

“Consideration for Predictive Modeling in Insurance Applications.” This study examines how best to implement predictive modeling into relevant areas of actuarial practice. <https://www.soa.org/resources/research-reports/2019/considerations-predictions-insurance-applications/>

“Earnings Emergence Insurance Accounting Under Multiple Financial Reporting Bases.” This expands a 2015 research report on earnings emergence under multiple financial reporting bases. The original report looked at deferred annuities and term life insurance under U.S. SAP, U.S. GAAP, IFRS, CALM and market-consistent balance sheet approaches. This expanded report adds universal life and makes updates for principle-based U.S. statutory reserves, targeted changes to U.S. GAAP, and the new IFRS for insurance products. <https://www.soa.org/resources/research-reports/2018/earnings-emergence/>

“Mortality Analysis for 1898–1902 Birth Cohorts.” This report examines the old-age mortality trajectories for the five extinct (or nearly extinct) U.S. cohorts. <https://www.soa.org/resources/research-reports/2018/birth-cohort/>

“The Impact of Genetic Testing on Life Insurance Mortality.” This study develops a tool for insurers to examine the potential impact of a ban on using genetic testing in life insurance underwriting. <https://www.soa.org/resources/research-reports/2018/impact-genetic-testing/>

REQUEST FOR RESEARCH IDEAS

Do you have an idea for a research topic you would like to see the Reinsurance Section consider for funding? If so, we want to hear from you! For more information, please contact Jean-Marc Fix, chair of the Reinsurance Section’s research team, or Ronora Stryker. ■



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