



SOCIETY OF ACTUARIES

475 N. MARTINGALE RD., SUITE 800, SCHAUMBURG, IL 60173-2226

847-706-3500

November 15, 2010

**SOCIETY OF ACTUARIES
REQUEST FOR PROPOSAL (RFP)
SUBJECT: GROUP TERM LIFE MORTALITY STUDY**

I. BACKGROUND

The Group Life Experience Committee (the Committee) of the Society of Actuaries is seeking bids for receiving and compiling data related to a group term life mortality experience study. The Committee, which is chaired by Bob Hardin, is responsible for developing comprehensive studies of group life experience in the U.S.

II. PURPOSE

Companies will use the results of the mortality study to update their pricing for group life and accidental death and disability benefits.

III. EXPERIENCE STUDY OBJECTIVES

The objectives of the study are to receive, compile, edit and summarize detailed group life experience data from 2007 through 2009 from approximately 20-30 insurance companies. These studies would include interaction with the Committee, Society of Actuaries staff and the contributing insurance companies. The desired end results would be a comprehensive study of group life mortality, morbidity and accidental death and disability incidence rates, including rates by age, sex and industry grouping.

IV. SPECIFIC COMPONENTS

A draft of the data request specifications is included in the attached document titled “SOA group life data request.pdf”. The expected effort of the selected vendor will include the following components:

1. Work with the Committee to finalize the data requirements, exhibit formats and reasonableness testing procedures.
2. Prepare summary analysis of contributors’ data for verification with contributor, including the reasonableness checking procedures developed with the Committee. The vendor should expect to perform multiple iterations of reasonableness testing as the data submissions are received and issues with individual contributor submissions are uncovered.
3. Complete claim incidence study, which will include separate studies for age/sex and industry, each to have breakdowns by waiver benefit provision.
4. Prepare validation reports including: distributions of exposures and counts across age/sex and industry; actual to expected values; and others to be determined.
5. Calculate expected claims for exposure records based on prior study for age/sex. The current age/sex results will be used for expected claims by industry.
6. Use flexibility in slicing and dicing results to evaluate claim incidence rates (and actual to expected A/E) by different combinations of variables, including group type, waiver of premium provision, number of lives and volumes.
7. Maintain a fairly rigorous time schedule and other specifications as detailed in the requirements documents. Some of the key milestone dates for the project are as follows:

- Data submissions due: 07/31/2011
- Data validation completed by the vendor: 12/31/2011
- Initial report drafted by the Committee: 03/31/2012
- Final report drafted by the Committee: 06/30/2012

Throughout the project, the selected vendor will work closely with the contributors and the Committee to ensure satisfactory tables and related outputs.

V. FUNDING

The vendor will be selected based on a comparison of costs and services included. Funding will be provided by the Society of Actuaries.

VI. SCHEDULE

Proposals must be received no later than **January 14, 2011** (a notice of intent to submit a proposal is requested by **December 17, 2010**). The proposal to be funded will be selected by **February 11, 2011**. The Committee will select the proposal to be funded in consultation with the SOCIETY OF ACTUARIES after review and evaluation.

VII. VENDOR REQUIREMENTS

Only qualified vendors should present a proposal. Qualified vendors will have actuarial knowledge of group life insurance coverages, experience in conducting experience studies, data processing staff, sufficient hardware and software to handle the expected volume of data, the ability to maintain data confidentiality and the ability to support the above timeline.

VIII. PROPOSAL

To facilitate the evaluation of proposals, the following information should be submitted:

- A. An outline of the approach to be used, emphasizing data processing capabilities to process the volume of data requested (further details in the requirements documents) and any special expertise you may offer to assist in the completion of the project. Note any special considerations or limitations in achieving the project objectives.
- B. Cost estimates for each component identified in Section IV and further detailed in the requirements documents, including computer time, salaries and report/study preparation. Such estimates can be in the form of hourly rates, but in such cases, time estimates should also be included.

Any guarantees as to total cost should be given and will be considered in the evaluation of the proposal. While cost will be a factor in the evaluation of the proposal, it will not necessarily be the decisive factor.

- C. A schedule for completion of the research, identifying key dates or timeframes. Please refer to the requirements documents and note any significant variations from the rough timeframes.
- D. Suggestions and ideas on the content and form of the final report.
- E. The proposal should be accompanied by an overview of the proposing organization and brief resumes (if appropriate) of key staff to be involved in the compilation of the data. Note any experience on similar studies or background that would be valuable to the effort. The person submitting the proposal must be authorized to speak on behalf of the firm or institution on whose behalf the proposal is submitted.
- F. Provisions for keeping company and policy data confidential.
- G. Any other related factors that give evidence of a proposer's capabilities to perform in a superior fashion should be detailed.

IX. EXPECTED OUTPUT

The project output would include an electronic database of the summarized experience submitted in a format, which would allow analysis, manipulation and reorganization of the data (i.e., "slicing and dicing" of the data). A second project output would be a full database to reside at the SOCIETY OF ACTUARIES office for subsequent analysis of this data.

A report would be prepared summarizing the data collection and review process. A second report summarizing the preliminary analysis of the mortality experience would also be prepared. Both of these reports would be created in a format agreed to by the Committee.

X. SELECTION PROCESS

The Committee and the SOCIETY OF ACTUARIES are responsible for reviewing and evaluating the proposals. The SOCIETY OF ACTUARIES, represented by Cindy MacDonald, Sr. Experience Studies Actuary, will provide staff support. Input from other knowledgeable individuals also may be sought.

The proposal evaluation will be based on a comparison of costs, services provided and other relevant information as described in Section VIII above.

XI. NOTIFICATION OF INTENTION TO SUBMIT PROPOSAL

If you intend to submit a proposal, please send written or electronic notification by **December 17, 2010**. This will allow us to create a list to distribute additional information and answer questions to all interested parties. Please send your notice of intent to:

Cindy MacDonald
Sr. Experience Studies Actuary
Society of Actuaries
475 N. Martingale Rd., Suite 600
Schaumburg, IL 60173
Phone: (847) 706-3559
Fax: (847) 273-8559
E-mail: cmacdonald@soa.org

XII. QUESTIONS

Any questions regarding this RFP should be directed to:

Cindy MacDonald at the same address as noted above

Questions and responses to questions will be sent to all parties who have indicated the intent to submit a proposal as noted in XI above. Only those who have made a notice of intent will receive this distribution.

XIII. SUBMISSION OF PROPOSAL

If submitting a proposal, please send an electronic version (e.g., Word Document) if possible, or two (2) hard copies of the proposal to Cindy MacDonald at the above address.

Proposals must be received no later than **January 14, 2011**.

Note: Proposals are considered confidential and proprietary.

XIV. PROJECT MONITORING

The chair of the Committee (Bob Hardin) and the Society of Actuaries staff (Cindy MacDonald) will be responsible for oversight of the progress of the study. A Letter of Agreement between the selected vendor and the Society of Actuaries will specify the deliverables, key dates, progress expectations and a payment schedule.

XV. CONDITIONS

The Society of Actuaries reserves the right to not award a contract for these studies or to award them to separate vendors. Reasons for not awarding a contract could include, but are not limited to, a lack of acceptable proposals or a finding that the cost of the proposals received exceeds reasonable and affordable levels. The Society of Actuaries also reserves the right to redirect the project as is deemed advisable.

The Society of Actuaries intends to copyright and publish the results of these experience studies. The research will be considered work-for-hire and all rights thereto belong to the Society of Actuaries. In particular, the data associated with the study will remain the property of the Society of Actuaries.