COUNTRY REPORT – USA

This is the Country Report for the United States of America as of March, 2014.

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2013 Survey Of Lapse And Mortality Experience

The latest results from a survey of mortality and lapse assumptions used in the pricing and modeling of level premium term products are now available. This report, sponsored by the SOA and completed by RGA Re, summarizes the responses of 41 companies and compares the results to a similar survey completed in 2009. It can be found on the SOA website. If you have any questions, please do not hesitate to contact Cindy MacDonald at cmacdonald@soa.org or 847.706.3559.

<table>
<thead>
<tr>
<th>Period Covered: 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description: Impact on mortality and lapses of a large change in premium rates</td>
</tr>
<tr>
<td>Type of information: Insurance industry survey</td>
</tr>
<tr>
<td>Products covered: Individual life insurance with a focus on post level period experience of term insurance products</td>
</tr>
<tr>
<td>Factors: Mortality and lapse (persistency)</td>
</tr>
</tbody>
</table>

2013 U.S. Individual Life Guaranteed And Simplified Issue Persistency Study (2013-10)

The Society of Actuaries (SOA) has released a new U.S. Individual Life Guaranteed and Simplified Issue Persistency Study that analyzes lapse experience of 40 life insurance writers companies from 2005 to 2009. The report, sponsored by the SOA and LIMRA, can be found on the SOA website.

<table>
<thead>
<tr>
<th>Period Covered: 2005-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study parameters: GI – 6 million policy years, $41 billion face amount years; SI – 23 million policy years, $560 billion face amount years; Pre-need – 5 million policy years, $21 billion face amount years</td>
</tr>
<tr>
<td>Products covered: Individual life insurance focusing on guaranteed issue, simplified issue and pre-need policies</td>
</tr>
<tr>
<td>Factors: Lapse (persistency)</td>
</tr>
</tbody>
</table>

Mortality Improvement Rates For AG-38 For Year-End 2013 (2013-12)

The Society of Actuaries' Valuation Basic Table (VBT) Team has released its recommendation for a set of improvement factors that vary by gender and attained age to be used in conjunction with the 2014 Valuation Basic table. The documentation comprising this recommendation is as follows:

- a description of the proposed mortality improvement scale and its intended use,
- the final version of the spreadsheet with the development of the smoothed rates, and
- the final version of the mortality improvement rates smoothed and rounded.

For questions, contact Jack Luff at iluff@soa.org or 847.706.3571.
**Period Covered: 2002-2009**
Number of Claims: NA
Products covered: Individual life insurance
Factors: mortality improvement assumption recommendations for 2009-2014

**Revised 2013 Group Term Life Mortality And Morbidity Study (2013-05, revised 2014-01)**

The Group Term Life Report (pdf file) and individually billed pivot table that were originally published on the SOA website have been replaced. The prior versions included some understated claim amounts in the individually billed data from one contributor. The claim amounts have been updated and a new report and pivot table are now available on the SOA website.

**Period Covered: 2007-2009**
Study parameters: Claims - 60,884 claims, $2.4 billion claim amounts; Exposures – 25.5 million policy years, $1.7 trillion face amount years
Products covered: Group life insurance
Factors: Mortality and ancillary accidental death and disability coverages

**Retirement Plan Mortality Exposure Drafts (2014-02)**

The Society of Actuaries’ Retirement Plans Experience Committee (RPEC) has released exposure drafts of the RP-2014 Mortality Tables and the Mortality Improvement Scale, MP-2014. The primary focus of the RP-2014 work was a comprehensive review of recent mortality experience of uninsured private retirement plans in the United States. For pension-related purposes, the mortality projection scale, MP-2014, replaces both Scale AA, which was released in 1995, and the interim Scale BB, which was released in 2012. Please visit the SOA website for the complete reports and rates.

**Period Covered: 2004-2008**
Study parameters: Claims – 220,000 claims; Exposure – 10.5 million life years.
Products covered: Uninsured private pension plans
Factors: Mortality and mortality improvement

**STUDIES / RESEARCH / TABLES IN PROGRESS**

This should cover research in progress. Where appropriate it should include a contact details.

**NEXT INDIVIDUAL LIFE MORTALITY TABLE – 2014 VBT TABLES**

A joint SOA and AAA committee is currently working on the development of a new 2014 VBT table. It is expected that a 2014 CSO table will be created based on that work. These tables are expected to be published coincidently to the introduction of Principles Based Approach (PBA, also referred to as PBR (Principles Based Reserves). Although the current expected publishing date is expected to be 2014, it is possible that this could be delayed to 2015 or 2016.
COUNTRY BACKGROUND

POPULATION

DEMOGRAPHICS

The Table below should summarise basic information on the country. One can also highlight major issues affecting the population mortality.

<table>
<thead>
<tr>
<th>Basic Information</th>
<th>Current population (2013)</th>
<th>316 million</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current period life expectancy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- At birth (in 2009)</td>
<td>Males – 76.0 years, females – 80.9 years (published 2014-01)</td>
</tr>
<tr>
<td></td>
<td>- At 65 (in 2009)</td>
<td>Males – 17.7 years, females – 20.3 years (published 2014-01)</td>
</tr>
<tr>
<td>Population Pyramid (as of 2012 – percent of total population); median age: Male – 36.1 years, female – 38.5 years.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Age range</td>
<td>Males</td>
</tr>
<tr>
<td></td>
<td>All</td>
<td>49.0%</td>
</tr>
<tr>
<td></td>
<td>0-9</td>
<td>6.7</td>
</tr>
<tr>
<td></td>
<td>10-19</td>
<td>7.0</td>
</tr>
<tr>
<td></td>
<td>20-29</td>
<td>7.0</td>
</tr>
<tr>
<td></td>
<td>30-39</td>
<td>6.3</td>
</tr>
<tr>
<td></td>
<td>40-49</td>
<td>6.8</td>
</tr>
<tr>
<td></td>
<td>50-59</td>
<td>6.7</td>
</tr>
<tr>
<td></td>
<td>60-69</td>
<td>4.8</td>
</tr>
<tr>
<td></td>
<td>70-79</td>
<td>2.5</td>
</tr>
<tr>
<td></td>
<td>80+</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Data sources: CDC/NCHS, National Vital Statistics System, Mortality United States Census Bureau

POPULATION MORTALITY TABLES

This section should cover the main source(s) for population mortality data and tables for the country.

The main source of U.S. population statistics is the U.S. Center for Disease Control and Prevention (www.cdc.gov). The most recent report, published annually, on population mortality is “United States Life Tables, 2009”, published in January, 2014. More recent interim reports are available on subsets of the full data.

POPULATION MORTALITY IMPROVEMENTS

To be provided in a subsequent report

PROTECTION INSURANCE

This section provides background on the life insurance protection environment. This is for life insurance and not longevity protection.
MORTALITY TABLES

The most recent individual life insurance mortality table is the 2008 VBT. This table provides best estimate mortality without margins. There is no corresponding valuation table. This table can be found on the SOA website: http://www.soa.org/research/experience-study/ind-life/valuation/2008-vbt-report-tables.aspx.

Prior to this, the 2001 VBT table was used. The current prescribed valuation mortality table, 2001 CSO. It was developed by adding conservatism margins to the 2001 VBT. The table can be found on the SOA website: http://www.soa.org/Research/Experience-Study/ind-life/tables/final-report-life-insurance-valuation.aspx.


MORTALITY IMPROVEMENTS

To be provided in a subsequent report.
RETAIL LONGEVITY PROTECTION

This section should cover the annuity / pension market.

MARKET BACKGROUND

This should explain the basics of the market, including:

- Traditional Pensioners
- Retail annuity market
- State provision
- Level of compulsion in purchase of annuities. (e.g. voluntary, tax incentive, compulsory etc.)

(To be provided in a subsequent report)

MORTALITY TABLES

This section should cover the main source(s) for mortality data and tables used for longevity products. This could include:

- Details of the body producing tables/estimates.
- Sources of the tables.
- To which market area the table applies (e.g. retail annuities, or traditional pensioners).

The most recent table for uninsured private pensions is the newly published RP-2014 table. Details can be obtained through the link RP-2014 Mortality Tables. This is a new study that is referenced in the “New Experience studies / Research / Mortality Tables” section above.

MORTALITY IMPROVEMENTS
RELEVANT ORGANISATIONS

This section can cover details on relevant organisations and bodies that do work in mortality for that country. This may be easier than providing background earlier on.

DETAILS ON GOVERNMENT STATISTICS DEPARTMENT

ACTUARIAL SOCIETY OF THE COUNTRY

Society of Actuaries (SOA)
American Academy of Actuaries (AAA)

INSURANCE REGULATOR

State insurance regulations

Coordinating insurance organization: National Association of Insurance Commissioners (NAIC). This organization provides model laws which each state decides whether to implement into law. This could be implemented with or without changes. New York (State) Insurance Department has a reputation for not going along with the NAIC.