2022 Mortality Data Collection Reinsurer / Third-Party Administrator Reporting

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NAIC NATIONAL ASSOCIATION OF
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Agenda

- Background

- Valuation Manual Changes

- Direct Writer Responsibilities

- Control Totals

- Examples (Scenarios 1 – 4)

Mortality Experience Data Collection
Reinsurer / Third-Party Administrator Reporting - Background

- It is a common practice for companies to cede a block of business 100% to a reinsurer who also is responsible for the administration of that block.
  - This is different from assumption reinsurance where policies are legally novated and the assuming company reports the business in their annual statement.

- In many of these cases, the direct writing company does not have access to the seriatim data on that block of business.

- During the last data collection, many companies were asking whether the administrator of the business could submit the data.

Mortality Experience Data Collection
Reinsurer / Third-Party Administrator Reporting – VM Changes

- It was necessary to make an amendment to the *Valuation Manual* in order to accommodate this situation.

- An additional field has been added to the data file in order to identify both the submitting company and the direct writer.

ITEM	MAX LENGTH	DATA ELEMENT	DESCRIPTION
1	9	Submitting Company ID	ID number representing the company submitting this file. If the company has an NAIC Company Code, then that code must be used. If the company does not have an NAIC Company Code, the company's Federal Employer Identification Number (FEIN) must be used. **If the direct writer is the company submitting the data, items 1 and 2 must contain the same value.**
2	5	NAIC Company Code of the Direct Writer of Business	The NAIC Company Code of the company that wrote the business being reported. In the case of assumption reinsurance where the assuming company is legally responsible for all benefits and claims paid, the assuming company is considered to be the direct writer. **If the direct writer is the company submitting the data file, items 1 and 2 must contain the same value.**

Mortality Experience Data Collection
Reinsurer / Third-Party Administrator Reporting – VM Changes

- The amendment to the *Valuation Manual* also included some additional language to clarify reporting requirements.
- VM-50 Section 4.B.3 gives instruction as to how the block of business is to be reported on the reconciliation to the Annual Statement.
  - If the administrator is not an insurance company or is otherwise not required to submit its direct data, the reconciliation will consist of separate lines identifying each insurance company for whom this entity is submitting data.
  - If the administrator is an Insurance company that is submitting its direct data, the reconciliation must include separate lines identifying each additional company whose data is being submitted.
  - Both the direct writer and the administrator must identify the amount of business being submitted by the administrator. This is necessary to confirm that all in-scope business is being reported.
- VM-51 Section 2.B.2 contains additional language regarding reporting requirements.
  - VM-51 2.B.2.a summarizes the instructions found in VM-50 4.B.3.
  - VM-51 2.B.2.b instructs reinsurers to only report assumed business if requested to do so by the direct writer.
- VM-51 Section 2.B.3 states that the **direct writing company is ultimately responsible for the data submitted for its company**.

Mortality Experience Data Collection
Reinsurer / Third-Party Administrator Reporting
Direct Writer Responsibilities

- It is the responsibility of the direct writer to contact any reinsurers / third-party administrators to request that they submit the business they administer on behalf of the direct writer. It is also the direct writer's responsibility to ensure that the third-party submits the required data.

- The direct writer must also notify the NAIC that business is going to be submitted by a reinsurer / third-party administrator and provide a contact individual from that company.

- When data exceptions are identified in business being administered by a reinsurer / third-party, the validation package will be sent to both the third-party and the direct writer. Ultimately, the direct writer is responsible for the quality of all their company's data.

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Reinsurer / Third-Party Administrator Reporting
Control Totals & VM-51 Questionnaires

- VM-50 Section 4.B.2 requires that Control Totals be provided for each data submission.

- The requirement for Control Totals also applies to reinsurers / third-parties that are submitting data on behalf of a direct writer.

- The questionnaires found in VM-51 Appendices 1-2 are also required from reinsurers / third parties. Appendix 3 is required if the reinsurer / third party is defining custom plan codes.

Mortality Experience Data Collection
Reinsurer / Third-Party Administrator Reporting
Scenario 1

- Very Fine Insurance Company (12345) is a direct writer of individual ordinary life insurance that is subject to the data collection.

- Very Fine has ceded a portion of their business to Amazing Reinsurer (87654).

- Amazing Reinsurer assumes 100% of the risk and administers the block of business.

- Very Fine has requested that Amazing Reinsurer report the portion of business that they administer.

- Amazing Reinsurer does not have any direct business that is subject to the data collection.

Mortality Experience Data Collection
Reinsurer / Third-Party Administrator Reporting
Scenario 1 – Data Files

DATA FILE SUBMITTED BY VERY FINE INSURANCE COMPANY (12345)

Submitting Company ID	NAIC Company Code of the Direct Writer of Business	Observation Year	Policy Number	Segment Number
12345	12345	2020	A1B2C3D4	1
12345	12345	2020	K5L2M84P	1
12345	12345	2020	K5L2M84P	2
12345	12345	2020	S6H1VT0	1

DATA FILE SUBMITTED BY AMAZING REINSURER (87654)

Submitting Company ID	NAIC Company Code of the Direct Writer of Business	Observation Year	Policy Number	Segment Number
87654	12345	2020	98KLM63	1
87654	12345	2020	JC25DRT3	1
87654	12345	2020	814SCP5	1
87654	12345	2020	814SCP5	2

Mortality Experience Data Collection
Reinsurer / Third-Party Administrator Reporting
Scenario 1 - Reconciliations

RECONCILIATION FOR VERY FINE INSURANCE COMPANY (12345)

	Policy Count	Face Amount of Insurance
Total business as reported In the Annual Statement less business that is out of scope or otherwise excluded	1,000,000	25,000,000,000
Business being reported by Amazing Reinsurer (87654)	(50,000)	(625,000,000)
In force end of year included in this data submission	950,000	24,375,000,000

RECONCILIATION FOR AMAZING REINSURER (87654)

	Policy Count	Face Amount of Insurance
Business being reported on behalf of Very Fine Insurance Company (12345)	50,000	625,000,000

Mortality Experience Data Collection
Reinsurer / Third-Party Administrator Reporting
Scenario 2

- Very Fine Insurance Company (12345) is a direct writer of individual ordinary life insurance that is subject to the data collection.

- Very Fine has ceded business to Amazing Reinsurer (87654) and also to Classic Reinsurer (76543).

- Both reinsurers assume 100% of the risk and administer the blocks of business.

- Very Fine has requested that the reinsurers report the portion of business that they administer.

- Amazing Reinsurer does not have any direct business that is subject to the data collection.

- Classic Reinsurer has direct business that is subject to the data collection.

Mortality Experience Data Collection
Reinsurer / Third-Party Administrator Reporting
Scenario 2 – Data Files

DATA FILE SUBMITTED BY VERY FINE INSURANCE COMPANY (12345)

Submitting Company ID	NAIC Company Code of the Direct Writer of Business	Observation Year	Policy Number	Segment Number
12345	12345	2020	A1B2C3D4	1
12345	12345	2020	K5L2M84P	1
12345	12345	2020	K5L2M84P	2

DATA FILE SUBMITTED BY AMAZING REINSURER (87654)

Submitting Company ID	NAIC Company Code of the Direct Writer of Business	Observation Year	Policy Number	Segment Number
87654	12345	2020	98KLM63	1
87654	12345	2020	JC25DRT3	1

DATA FILE SUBMITTED BY CLASSIC REINSURER (76543)

Submitting Company ID	NAIC Company Code of the Direct Writer of Business	Observation Year	Policy Number	Segment Number
76543	12345	2020	65X2KG10	1
76543	12345	2020	JDS520PM	1
76543	76543	2020	57YM9RS	1
76543	76543	2020	H03TZL8	1

Mortality Experience Data Collection
Reinsurer / Third-Party Administrator Reporting
Scenario 2 - Reconciliations

RECONCILIATION FOR VERY FINE INSURANCE COMPANY (12345)

	Policy Count	Face Amount of Insurance
Total business as reported In the Annual Statement less business that is out of scope or otherwise excluded	1,000,000	25,000,000,000
Business being reported by Amazing Reinsurer (87654)	(50,000)	(625,000,000)
Business being reported by Classic Reinsurer (76543)	(100,000)	(1,100,000,000)
In force end of year included in this data submission	850,000	23,275,000,000

RECONCILIATION FOR AMAZING REINSURER (87654)

	Policy Count	Face Amount of Insurance
Business being reported on behalf of Very Fine Insurance Company (12345)	50,000	625,000,000

RECONCILIATION FOR CLASSIC REINSURER (76543)

	Policy Count	Face Amount of Insurance
Total business as reported In the Annual Statement less business that is out of scope or otherwise excluded	25,350,000	3,802,500,000,000
Business being reported on behalf of Very Fine Insurance Company (12345)	100,000	1,100,000,000
In force end of year included in this data submission	25,450,000	3,803,600,000,000

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Reinsurer / Third-Party Administrator Reporting
Scenario 3

- Very Fine Insurance Company (12345) is a direct writer of individual ordinary life insurance that is subject to the data collection.

- Wonderful Life Insurance (56789) is a direct writer of individual ordinary life insurance that is subject to the data collection.

- Classic Reinsurer (87654) has assumed business from both Very Fine and Wonderful.

- Classic Reinsurer assumes 100% of the risk and administers the blocks of business.

- Very Fine and Wonderful have requested that Classic Reinsurer report the portion of business that it administers.

- Classic Reinsurer has direct business that is subject to the data collection.

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Reinsurer / Third-Party Administrator Reporting
Scenario 3 – Data Files

DATA FILE SUBMITTED BY VERY FINE INSURANCE COMPANY (12345)

Submitting Company ID	NAIC Company Code of the Direct Writer of Business	Observation Year	Policy Number	Segment Number
12345	12345	2020	A1B2C3D4	1
12345	12345	2020	K5L2M84P	1

DATA FILE SUBMITTED BY WONDERFUL LIFE INSURANCE (56789)

Submitting Company ID	NAIC Company Code of the Direct Writer of Business	Observation Year	Policy Number	Segment Number
56789	56789	2020	98KLM63	1
56789	56789	2020	JC25DRT3	1

DATA FILE SUBMITTED BY CLASSIC REINSURER (76543)

Submitting Company ID	NAIC Company Code of the Direct Writer of Business	Observation Year	Policy Number	Segment Number
76543	12345	2020	65X2KG10	1
76543	12345	2020	JDS520PM	1
76543	56789	2020	5346TSL	1
76543	56789	2020	72LKC39	1
76543	76543	2020	57YM9RS	1
76543	76543	2020	H03TZL8	1

Mortality Experience Data Collection
Reinsurer / Third-Party Administrator Reporting
Scenario 3 - Reconciliations

RECONCILIATION FOR VERY FINE INSURANCE COMPANY (12345)

	Policy Count	Face Amount of Insurance
Total business as reported In the Annual Statement less business that is out of scope or otherwise excluded	1,000,000	25,000,000,000
Business being reported by Classic Reinsurer (76543)	(100,000)	(1,100,000,000)
In force end of year included in this data submission	900,000	23,900,000,000

RECONCILIATION FOR WONDERFUL LIFE INSURANCE (56789)

	Policy Count	Face Amount of Insurance
Total business as reported In the Annual Statement less business that is out of scope or otherwise excluded	50,000,000	10,000,000,000,000
Business being reported by Classic Reinsurer (76543)	(250,000)	(2,750,000,000)
In force end of year included in this data submission	49,750,000	9,997,250,000,000

RECONCILIATION FOR CLASSIC REINSURER (76543)

	Policy Count	Face Amount of Insurance
Total business as reported In the Annual Statement less business that is out of scope or otherwise excluded	25,350,000	3,802,500,000,000
Business being reported on behalf of Very Fine Insurance Company (12345)	100,000	1,100,000,000
Business being reported on behalf of Wonderful Life Insurance (76543)	250,000	2,750,000,000
In force end of year included in this data submission	25,700,000	3,806,350,000,000

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Scenario 4

- Wonderful Life Insurance (56789) is a direct writer of individual ordinary life insurance that is subject to the data collection.

- Wonderful Life Insurance had a contract with Top Notch Administrators to administer a portion of their business.

- Top Notch Administrators is not an insurance company and does not assume any of the risk of the block of business.

- Wonderful has requested that Top Notch Administrators report the portion of business that it administers.

- Top Notch Administrators does not have an NAIC company code. They must use their Federal Employer Identification Number (FEIN). Their FEIN is 95-FL2861.

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Scenario 4 – Data Files

DATA FILE SUBMITTED BY WONDERFUL LIFE INSURANCE (56789)

Submitting Company ID	NAIC Company Code of the Direct Writer of Business	Observation Year	Policy Number	Segment Number
56789	56789	2020	A1B2C3D4	1
56789	56789	2020	K5L2M84P	1
56789	56789	2020	K5L2M84P	2
56789	56789	2020	S6H1VT0	1

DATA FILE SUBMITTED TOP NOTCH ADMINISTRATORS (FEIN = 95-FL2861)

Submitting Company ID	NAIC Company Code of the Direct Writer of Business	Observation Year	Policy Number	Segment Number
95FL2861	56789	2020	98KLM63	1
95FL2861	56789	2020	JC25DRT3	1
95FL2861	56789	2020	814SCP5	1
95FL2861	56789	2020	814SCP5	2

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Reinsurer / Third-Party Administrator Reporting
Scenario 4 - Reconciliations

RECONCILIATION FOR WONDERFUL LIFE INSURANCE (56789)

	Policy Count	Face Amount of Insurance
Total business as reported In the Annual Statement less business that is out of scope or otherwise excluded	1,000,000	25,000,000,000
Business being reported by Top Notch Administrators (95-FL2861)	(50,000)	(625,000,000)
In force end of year included in this data submission	950,000	24,375,000,000

RECONCILIATION FOR TOP NOTCH ADMINISTRATORS (FEIN = 95-FL2861)

	Policy Count	Face Amount of Insurance
Business being reported on behalf of Wonderful Life Insurance (56789)	50,000	625,000,000

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NOTE:

NAIC staff is making revisions to the Reconciliation Template. The reconciliation examples in this training are meant to identify the data that must be included. The format of the final template may be different.

2022 Mortality Experience Data Collection
Resources on the web
https://content.naic.org/pbr_data.htm
(Scroll to the VM-50/VM-51 Experience Reporting section).

- 2021 Training Webinars
- 2022 Training Webinars (coming June 30)
- RDC Submission Instructions
- Company Administrator Guide
- Templates for Control Totals and VM-51 Appendix Questionnaires (Reconciliation template coming soon)
- VM-51 Data Validations (coming June 30)

Companies can reach out to the NAIC with questions. Please email experience_reporting@naic.org.

Questions?

A complete list of questions and answers from this training will be posted to our website.