



Republic of the Philippines  
Department of Finance  
**INSURANCE COMMISSION**  
1071 United Nations Avenue  
**Manila**



Circular Letter (CL) No.:	2016 - 57
Date:	September 23, 2016

## CIRCULAR LETTER

**TO : ALL LIFE INSURANCE COMPANIES DOING BUSINESS IN THE PHILIPPINES**

**SUBJECT : 2016 PHILIPPINE INTERCOMPANY MORTALITY STUDY**

All life insurance companies with policies issued on or before 2014 are hereby enjoined to participate in the 2016 Philippine Intercompany Mortality Study to be undertaken by the Actuarial Society of the Philippines (ASP). The main objective is to be able to develop an updated mortality table that is more reflective of the industry's experience.

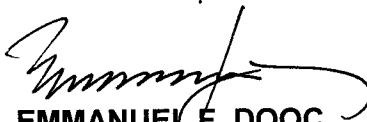
In line with the change to market-consistent Gross Premium Valuation reserve standards, the 2016 Philippine Intercompany Mortality Table may serve as an industry benchmark in establishing the relevant mortality table in the absence or lack of credible company-specific experience.

This undertaking will be done in coordination with ASP. Attached to this Circular is the Guidelines to the Conduct of the 2016 Philippine Intercompany Mortality Study prepared by ASP containing the description of the study, procedures, as well as data and report requirements.

To ensure data privacy and security, each company shall be provided with a tool/software to process their individual records. All data and report requirements as described in the attached guidelines shall be submitted to the Insurance Commission (IC) Actuarial Division **on or before October 24, 2016**. Please submit all requirements within the deadline to avoid penalty.

The IC will use the same tool to consolidate all submitted data. The consolidated data shall be forwarded to ASP for analysis and preparation of reports and recommendations. All participating companies shall be provided with a copy of the experience study report.

For strict compliance.

  
**EMMANUEL F. DOOC**  
Insurance Commissioner

**ACTUARIAL SOCIETY OF THE PHILIPPINES**

**GUIDELINES TO THE CONDUCT OF THE  
2016 PHILIPPINE INTERCOMPANY MORTALITY STUDY**

**1. INTRODUCTION**

- 1.1 The 2016 Philippine Intercompany Mortality Study (Study) is being conducted by the Actuarial Society of the Philippines Life Insurance Committee (Committee) in coordination with the Actuarial Division of the Insurance Commission (IC). The study aims to review the industry's mortality experience using more updated data, in light of current underwriting and marketing practices and new regulations. It has the ultimate goal of producing a new valuation mortality table based on the Philippine industry mortality experience.
- 1.2 The Committee will undertake the Study. A mortality tool (Tool) has been solely developed for this undertaking, as contracted by the ASP. To ensure data privacy and security, each company shall be provided with the tool to process their individual records. The processed data will be submitted to IC and IC will use the same tool to consolidate all data submitted. IC will then provide the consolidated data to the Committee for its further study and preparation of reports and recommendations.

**2. OVERVIEW OF THE STUDY**

- 2.1 The Study will be conducted using policy count and will only cover direct, standard risk, individual business.
- 2.2 The Study will cover experience from policy anniversaries in 2009 up to policy anniversaries in 2014.
- 2.3 The Study aims to also analyze experience by attained age last birthday, attained age nearest birthday, gender, product type and underwriting basis.
- 2.4 The Study will also track experience by policy durations from 1 to 9 and ultimate duration 10 & up. The final select and ultimate durations will depend on the results of the study.
- 2.5 The results of the experience will be assessed in comparison with the Basic 1973-1978 Philippine Intercompany Mortality Table (Basic 73-78 PIC). Actual/Expected ratios will be represented and Expected will be based on the Basic 73-78 PIC.

**3. PROCEDURE**

- 3.1 Within one week from the release of this Guidelines through this Circular, each participating life insurance company should email the Committee, information on their actuarial representative (Representative) and an ASP Fellow accredited by IC certifying the data and reports to be submitted to IC. The two described can be one and the same person.

Emails to the Committee can be in the following format:

To: [actuarial@pltdsl.net](mailto:actuarial@pltdsl.net)  
Subject: 2016 Philippine Intercompany Mortality Study Representatives

Please be informed that the following will be the company representatives:

Actuarial Representative

Name: \_\_\_\_\_  
Position: \_\_\_\_\_  
Email address: \_\_\_\_\_  
Contact #: \_\_\_\_\_

Certifying Fellow:

Name: \_\_\_\_\_  
Position: \_\_\_\_\_  
Email address: \_\_\_\_\_  
Contact #: \_\_\_\_\_  
IC Accreditation Number: \_\_\_\_\_

The Committee will then share the above information with the IC Actuarial Division. The information of the Representative will also be shared with TopLogic, the tool developer. This is to ensure that any query with regards to the tool is addressed immediately. If the company wishes not to share any information with TopLogic, please inform the Committee so this can be considered.

- 3.2 Once the email described above is received, the Committee, with the assistance of TopLogic, will send the tool package (company code, installer, installation guide and manual). More detailed instructions will be sent thru email to the representative.
- 3.3 A half-day seminar will be conducted by the Committee to further guide the Representatives on the procedures and expectations from the conduct of the study. The schedule shall be announced as soon this Circular is released.
- 3.4 Once the representative is ready with the tool and has the available hardware and data (as described in Sections 4 & 5), the representative must use the tool to process the data. The representative should use the manual provided to guide in the use of the tool and the instructions/demonstrations conducted by the Committee.

The tool is flexible enough to process data according to parameters set by the tool user in the settings. However, for purposes of this study, the representative is advised to only encode its assigned company code and the input & output directories and no longer change the settings as they are defaulted to the requirements of the Study.

The default parameter settings, which the representative should not change are:

Ultimate Policy Duration: **10**  
Policy year from **2009** to **2014**

Batch run settings: **ASP Study**

- 3.5 The specified output data (as described in Section 6) and the Data Certification Report (as described in Section 6 and Annex A) must be prepared for submission to IC. The representative should ensure the company submits the required data files and report to IC within the deadline (October 24, 2016) indicated in this Circular to avoid penalties.

#### **4. HARDWARE SPECIFICATIONS**

To enable the company to run the tool, the representative must ensure that a computer with excel is available where the tool can be installed.

#### **5. DATA SPECIFICATIONS**

- 5.1 The representative must prepare the data from the company's policy master file extracted not earlier than 07/01/2015, with corresponding status as of such date or later.
- 5.2 The data should include all direct business on basic standard individual ordinary (whole life, endowment, term) and variable life policies issued on or before December 31, 2014 but has not been terminated in any manner before its policy anniversary in 2009.
- 5.3 The following shall be excluded from the data:
- Terminated, in any manner, prior to the policy anniversary in 2009
  - Policies converted to non-forfeiture (Extended Term/Reduced Paid-up) prior to policy anniversary in 2009
  - Issued after December 31, 2014
  - Policies with substandard rating on the basic (table extra, flat extra). Note that basic policies rated as standard but with substandard riders should be included.
  - Group insurance policies
  - Group conversions – group coverages that converted to individual life coverage as provided under the group contract
  - Joint life policies
  - Reinsurance assumed from other companies
  - Personal accident insurance
  - Annuities. Note that policies with anticipated endowments should still be included.
  - Riders, even term riders
  - Policies with pregnancy liens when death is due to pregnancy or pregnancy-related causes.
  - Policies with denied death claims, regardless of date of denial.

- 5.4 The data prepared shall be in Excel format, as presented below, and should have fields containing each of the following required data. Please ensure adherence to the allowed data type of each field as the tool may read the data incorrectly. The company's master file may have field names different from that tabulated below.

FIELD NUMBER	FIELD NAME	FIELD TYPE	DESCRIPTION
1	UNIT	INTEGER	This should be tagged as 1 for each record. It represents a policy count of 1.
2	POLICY NUMBER	CHARACTER	Policy number as used by the participating life insurance company (Optional)
3	ISSUE DATE	DATE (MM/DD/YYYY)	The policy issue date (which is the basis of policy anniversaries)
4	BIRTHDATE	DATE (MM/DD/YYYY)	Date the insured was born
5	GENDER	CHARACTER	"MALE" - Male "FEMALE" - Female "UNKNOWN" – if Company has no means to determine gender of the insured
6	PRODUCT TYPE	CHARACTER	Categories (can be small letters): "UNIT-LINKED" "TRADITIONAL-TERM" "TRADITIONAL-NONTERM" "UNKNOWN" – if Company has no means to classify policy according to categories above.
7	PREMIUM PAYMENT PERIOD	INTEGER	Years to pay from issue date to expiration of the policy. For whole life policies, set to 99.
8	UNDERWRITING CLASS	CHARACTER	Categories (can be small letters): "MEDICAL" - Medically Underwritten, Standard "GUARANTEED" - Guaranteed Issue "NONMEDICAL" - NonMedical, including simplified "UNKNOWN" – if Company has no means to classify policy according to categories above.
9	STATUS	CHARACTER	Status of the policy as of extraction date of the policy masterfile (which must not be earlier than 7/1/2015). The categories are (can be small letters): "DEATH" "INFORCE" "TERMINATED" (Lapsed, surrendered, expired, matured, converted to non-forfeiture (Extended Term/Reduced Paid-up)
10	TERMINATION DATE	DATE (MM/DD/YYYY)	Date of death, lapse, surrender, expiration, conversion to non-forfeiture (Extended Term/Reduced Paid-Up), maturity. If the status is "INFORCE", the date should be the extraction date (which should not be earlier than 7/1/2015).

## 6. DATA AND REPORT SUBMISSION

Once the representative has successfully processed the company data using the tool, the following should be prepared for submission to IC:

- a. A soft copy of the generated runtable files for Runs #1, #2, and #3. These files can be seen in the output directory set by the representative in the tool with the following file names:

<CODE>\_AL\_AL\_AL\_<mmddyyyy>.xls  
<CODE>\_ML\_AL\_AL\_<mmddyyyy>.xls  
<CODE>\_FL\_AL\_AL\_<mmddyyyy>.xls

- b. A soft copy of the consolidated database which can also be found in the output directory set by the representative. The filename is  
<CODE>\_processed\_data\_<version>\_<mmddyyyy>.csv
- c. A printout of the data certification duly signed by the ASP Fellow accredited by IC indicated by the company to ASP (as described in Section 3.1)

The above should be submitted to IC within the set deadline (October 24, 2016) in this Circular to avoid penalties.

## 7. RECORDS

The companies are requested to keep all files used and generated (input and output) and data certification report for at least 3 years.

**2016 PHILIPPINE INTERCOMPANY MORTALITY STUDY  
DATA CERTIFICATION REPORT**

<b>Annual Statement Data (Policy Count) , Exhibit 15, Line 22</b>	<b>Traditional</b>	<b>Unit-Linked</b>	<b>Total</b>
Inforce as of 12/31/2009			
Inforce as of 12/31/2010			
Inforce as of 12/31/2011			
Inforce as of 12/31/2012			
Inforce as of 12/31/2013			
<b>Total</b>			

	<b>Traditional (result of Runs 7 &amp; 10, combined)</b>	<b>Unit-Linked (result of Run 4)</b>	<b>Total (should match result of Run 1)</b>
<b>Tool Output (from Age Last Birthday calculations)</b>			

Explanation for Variance:

I hereby certify that the data being submitted to the Insurance Commission has been reviewed and assessed to include all Information that follows the specifications as outlined in the Guidelines attached to this Circular and that the processed data will accurately contribute to the consolidation of Philippine life insurance industry mortality experience.

\_\_\_\_\_  
Name & Signature of Certifying Fellow

Company: \_\_\_\_\_

Company Designation: \_\_\_\_\_

Date: \_\_\_\_\_

IC Accreditation No. \_\_\_\_\_

DTR No. \_\_\_\_\_