Circular Letter (CL) No.:	**2022-55**
Date:	**29 December 2022**
Supersedes:	**None**

CIRCULAR LETTER

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

SUBJECT   :   **2022 PHILIPPINE INTERCOMPANY MORTALITY STUDY**

WHEREAS, the 2016 Philippine Intercompany Mortality (PICM) Study was undertaken by both the Insurance Commission (IC) and the Actuarial Society of the Philippines (ASP) to develop the 2017 PICM Table, an updated mortality table that is reflective of the life insurance industry's experience. Life insurance companies were required to participate in the said study per IC Circular Letter (CL) No. 2016-57.

WHEREAS, there is a need to further examine mortality trends over the recent years, in particular (a) the industry's experience compared to the 2017 PICM Table and (b) the impact of the COVID-19 pandemic to the mortality claims experience of the life insurance industry.

WHEREAS, the analysis of the mortality claims experience, as significantly affected by the pandemic, is imperative in analyzing its impact to pricing adequacy and the industry's financial stability.

NOW, THEREFORE, pursuant to the authority of the Insurance Commissioner under Section 437 of the Insurance Code, as amended by Republic Act No. 10607, all life insurance companies, with life insurance policies issued on or before **31 December**

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2020, are hereby enjoined to participate in the 2022 PICM Study to be undertaken by the IC and the ASP.

Section 1.   GUIDELINES TO THE CONDUCT OF THE 2022 PHILIPPINE INTERCOMPANY MORTALITY STUDY

I.   INTRODUCTION

1. The 2022 PICM Study (Study) is a joint initiative between the IC, through its Actuarial Division, and the ASP, through its Life Insurance Committee (Committee). It aims to examine the industry's mortality experience compared to the 2017 PICM Table and the impact of COVID-19 to the experience. The Study will not result to an updated mortality table.
2. The mortality tool (Tool) used to gather and compile the data for the 2016 PICM will also be used for the 2022 study. 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. IC will validate the data and 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.
3. In order to quantify the impact of COVID-19 on the mortality, 2 sets of results are expected to be submitted for the study with 1) all deaths tagged as DEATH and 2) only COVID-19 deaths tagged as DEATH. Even as COVID-19 claims are recent and may not yet be fully reported, the experience from claims reported may already give an indication of the minimum impact of COVID-19 on industry mortality.
4. The data for the study will be submitted by each company using the same software used in the 2016 PICM Study which was previously launched through IC Circular Letter 2016-57. The said software will be made available to each participating company for free.
5. The IC will use the same tool to consolidate all submitted data. Only the consolidated data shall be forwarded to ASP for analysis and preparation of reports, including recommendations. All participating companies shall be provided with a copy of the experience study report.

II.   OVERVIEW OF THE STUDY

1. The Study will be conducted using policy count and will only cover direct, standard risk, individual business.
2. The Study will cover experience from policy anniversaries in 2014 up to policy anniversaries in 2021.
3. The Study aims to analyze the experience under various study parameters, such as age, gender, product type, distribution channel, and underwriting basis.

4. The Study will also track experience by policy duration from 1 to 9 and ultimate duration 10 & up.
5. The results of the experience will be assessed in comparison with the 2017 PICM Table (2017 PICM). Actual/Expected ratios will be represented and Expected will be based on the 2017 PICM.

III. PROCEDURE

1. Within one (1) week from the release of this Guidelines through this Circular, each participating life insurance company shall 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.

   Email to the Committee can be in the following format:

   To: actuarial@pldtdsl.net
   Cc: actuarialdiv@insurance.gov.ph

   Subject: 2022 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: _____

   All communications regarding the study will be coursed through the company representative duly nominated.

2. Once the email described above is received, the Committee will send the tool package (company code, installer, installation, guide and

manual). More detailed instructions will be sent to the representative thru email.

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 to the company representatives. A manual would be provided to guide in the use of the tool.

4. Once the representative is ready with the tool and has the available hardware and data (as described in Sections IV & V), the representative must use the tool to process the data. The representative shall use the manual provided 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**, the **input & output directories** and **Policy Year From and To**, which shall be 2014 and 2021. It is no longer advised to change the settings as they are defaulted to the requirements of the Study.

5. The specified output data (as described in Section VI) and the Data Certification Report (as described in Section VI and Annex A) must be prepared for submission to IC. The representative shall ensure the company submits the required data files and report to IC within the deadline indicated in this Circular to avoid penalties.

IV. HARDWARE AND SOFTWARE SPECIFICATIONS

1. 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.

V. DATA SPECIFICATIONS

1. The representative must prepare the data from the company's policy master file extracted and updated as of the most current date available, with corresponding status as of such date. The data to be used for the study shall be the most current data available but not earlier than **30 June 2022.**

2. The data shall include all direct business on basic standard individual ordinary (whole life, endowment, term) and variable life policies issued on or before 31 December 2021 but has not been terminated in any manner before its policy anniversaries in 2014.

3. The following shall be excluded from the data:
   3.1. Terminated, in any manner, prior to the policy anniversary in 2014

3.2. Policies converted to non-forfeiture (Extended Term / Reduced Paid-up) prior to policy anniversary in 2014

3.3. Issued after 31 December 2021

3.4. Policies with substandard rating on the basic (table extra, flat extra). Note that basic policies rated as standard but with substandard riders shall be included.

3.5. Group insurance policies

3.6. Group conversions – group coverages that converted to individual life coverage as provided under the group contract

3.7. Joint life policies

3.8. Reinsurance assumed from other companies

3.9. Personal accident insurance

3.10. Annuities. Note that policies with anticipated endowments shall still be included.

3.11. Riders, even term riders

3.12. Policies with pregnancy liens when death is due to pregnancy or pregnancy-related causes

3.13. Policies with denied death claims, regardless of date of denial

4. The data prepared shall be in Excel format, as presented below, and shall 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.

To examine the impact of COVID-19, a separate set of data shall be prepared and processed in the tool. Difference in the data will be the STATUS field (see Field 9)

4.1. For the 1st data base, the status of all policies with death claim shall be tagged as DEATH

4.2. For the 2nd data base, the status of policies with death claim due to COVID-19 will be tagged as DEATH while status of polices with death claim due to NON-COVID cause will be tagged as TERMINATED.

The program shall run twice for each of the two data sets. The data sets shall be identical except for the difference in the status for death claims.

FIELD NUMBER	FIELD NAME	FIELD TYPE	DESCRIPTION
1	UNIT	INTEGER	This shall 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): "TRADITIONAL WHOLE LIFE" "TRADITIONAL ENDOWMENT" "TRADITIONAL TERM" "UNIT LINKED REGULAR PAY" "UNIT LINKED SINGLE PAY" "UNKNOWN" - if Company has no means to classify policy according to categories above
7	DISTRIBUTION CHANNEL	CHARACTER	Categories (can be small letters): "AGENCY" "BANCASSURANCE" "OTHERS" "UNKWOWN" – if Company has no means to classify policy according to categories above"
8	UNDERWRITING CLASS	CHARACTER	Categories (can be small letters): "MEDICAL" - Medically Underwritten, Standard "GUARANTEED" - Guaranteed Issue "NONMEDICAL" – Non-Medical, including simplified, auto-underwriting "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 30 June 2022). The categories are (can be small letters): "DEATH" "INFORCE" "TERMINATED" - Lapsed, surrendered, expired, matured, converted to non-forfeiture (Extended Term / Reduced Paid-up) Note: 2 data will be prepared. I. Status of policies with death claim will be tagged as DEATH II. Status of policies with death claim due to COVID-19 will be tagged as DEATH while status of polices with death claim due to NON-COVID cause will be tagged as TERMINATED.
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 shall be the extraction date (which shall not be earlier than 30 June 2022).

VI. DATA AND REPORT SUBMISSION

Each company is to process 2 sets of data as follows:

Data 1 – All Claims
Data 2 – COVID-19 Claims
(see Part V Item 4 for details)

Once the representative has successfully produced results from Data 1 and Data 2, the following shall be prepared for each data for submission to IC:

1. The files generated by the tool with the following names:

   Data 1- All Claims
   1. <ALL-CODE>_AL_AL_AL_AL<mmddyyyy>.xlsx
   2. <ALL-CODE>_ML_AL_AL_AL<mmddyyyy>.xlsx
   3. <ALL-CODE>_FL_AL_AL_AL<mmddyyyy>.xlsx
   4. <ALL-CODE>_processed_data_2022_<mmddyyyy>.csv

   Data 2- CoVid-19 Claims
   1. <COV-CODE>_AL_AL_AL_AL<mmddyyyy>.xlsx
   2. <COV-CODE>_ML_AL_AL_AL<mmddyyyy>.xlsx
   3. <COV-CODE>_FL_AL_AL_AL<mmddyyyy>.xlsx
   4. <COV-CODE>_processed_data_2022_<mmddyyyy>.csv

   These files can be seen in the output directory set by the representative in the tool.

2. A **Data Certification Report, following the form in Annex A**, duly signed by the ASP Fellow accredited by IC indicated by the company to the ASP (as described in Part III Item 1).

The above shall be submitted to IC within the deadline prescribed in Section 2 to avoid penalties. Results will be submitted through the IC Actuarial Online Product Submission Portal.

VII.   RECORDS

The IC will conduct an initial review of the data submission on a company level and may ask the company representative questions or clarifications related to the submission. The companies are requested to keep all files used and generated (input and output) and data certification report for at least 3 years.

Section 2.   DEADLINES AND PENALTIES

All data and reportorial requirements as described in Section 1 shall be submitted to the IC Actuarial Division **on or before 03 February 2022**. Companies shall submit all requirements within the deadline to avoid penalty.

Section 3.   SEPARABILITY CLAUSE

If any provision of this Circular or any part hereof be declared invalid or unconstitutional, other provisions not otherwise affected shall remain valid and subsisting.

Section 4.   REPEALING CLAUSE

All circulars, rules and regulations or parts thereof that are inconsistent with the provisions of this Circular are deemed repealed, superseded or modified accordingly.

Section 5.   EFFECTIVITY

This Circular shall take effect immediately.

For strict compliance.

DENNIS B. FUNA
Insurance Commissioner

2022 PHILLIPPINE INTERCOMPANY MORTALITY STUDY

DATA CERTIFICATION REPORT

Annual Statement Data

Total of Ordinary Insurance and Variable Life	In-force Policy Count Exhibit 15, Line 22	Death Exhibit 15, Line 11
31 December 2014		
31 December 2015		
31 December 2016		
31 December 2017		
31 December 2018		
31 December 2019		
31 December 2020		
Total		

2022 Mortality Data

Aggregate (from Age Last Birthday Calculation)	Exposure (Cell F13)	Death (Cell B13)
Based on Data 1 <ALL-CODE>_1421_al_al_al_al_<mmdyyyy>.xlsx		
Based on Data 2 <COV-CODE>_1421_al_al_al_al_<mmdyyyy>.xlsx		

Comments on reasonability of data:

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.: _____
PTR No.: _____