



National specific template Log NS.09 – best estimate assumptions for life insurance risks

| CELL(S) | ITEM | INSTRUCTIONS |
|---------|---------------------------------|--|
| N/A | General Comment | <p>This template is applicable to life insurers and life reinsurers.</p> <p>The purpose of this template is to give an indication of changes in the valuation basis, how the basis compares with experience and the variability of the firm's recent experience.</p> <p>For the lines relating to mortality / morbidity tables firms should calculate an approximate equivalent constant percentage if the percentage of the table varies by age or where there are adjustments to age. The previous year basis and previous year experience in columns B-G C010 to C0060 should be converted to a percentage of the table in column A using approximations as necessary to enable them to be compared with column A. It is important that any data shown is presented on a consistent basis.</p> <p>Firms are not required to show experience where this is of low credibility. A guideline for low credibility is less than 200 claims per annum for an individual line of the template.</p> <p>Where the assumptions vary by source of business within the products included in this template the firm should show the assumptions and experience for the largest categories by number of policies so as to cover at least 50% of the business for that product, subject to individual lines meeting the credibility test above.</p> <p>Firms are not required to undertake any additional analysis of past claims in order to complete this template. Firms are only required to provide experience data for years where this is available and where it has been calculated on a consistent set of underlying policies for previous years.</p> <p>Items should be entered to 2 decimal places.</p> <p>Items should be left blank if not applicable to the firm.</p> |
| BI1 | Undertaking name | Legal name of the undertaking |
| BI2 | Undertaking identification code | <p>Identification code of the undertaking using the following priority:</p> <ul style="list-style-type: none">- Legal Entity Identifier (LEI);- Identification code used in the UK (i.e. the undertaking's Firm Reference Number (FRN)). |



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| B13 | Type of code of undertaking | Type of ID code used for the “Undertaking identification code item. One of the options in the following closed list shall be used: 1 – LEI 2 – Specific code |
| B14 | Reporting reference date | Identify the ISO 8601 (yyyy-mm-dd) code of the date identifying the last day of the reporting period |
| Column | | |
| A (A1 – A54) | Assumption number | 1-54 – used to ensure multiple lines for the same assumption can be identified correctly. Where firms need more than one row for the same assumption additional lines should be inserted. |
| B (B1 – B54) C0010 | Valuation year Y basis | Basis for calculating the best estimate liabilities as at the current valuation date (reference date) |
| C C0020 | Valuation year Y-1 basis | Basis for calculating the best estimate liabilities as at the previous valuation date |
| D C0030 | Previous year Y-1 experience | Firm experience in year Y-1 where year Y is the valuation year. |
| E C0040 | Previous year Y-2 experience | Firm experience in year Y-2 where year Y is the valuation year. |
| F C0040 | Previous year Y-3 experience | Firm experience in year Y-3 where year Y is the valuation year. |
| G | Previous year Y-4 experience | Firm experience in year Y-4 where year Y is the valuation year. |
| H | Previous year Y-5 experience | Firm experience in year Y-5 where year Y is the valuation year. |
| I | Underlying table | Mortality / morbidity table, e.g. AM92. Where firms use a percentage of the table which varies by age firms should append ‘adjusted’ to the table name, e.g. AM92 adjusted. Firms should show ‘reinsurer’ where the basis uses the reinsurer’s rates. |
| J | Subcategory description | Description of subcategory, e.g. IFA, ex ABC Insurance, Brand X. Only required where there is more than one row for the same assumption. |
| | | |
| Row | | |
| 1 (A1 – H1)R0010 | Assurance mortality (male non-smoker) | Assurance mortality for male non-smokers where pricing is based on smoker status. |



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| <u>2-R0050</u> | Assurance mortality (male aggregate) | Assurance mortality for males where pricing is not based on smoker status. |
| <u>3 R0090</u> | Assurance mortality (male smoker) | Assurance mortality for male smokers where pricing is based on smoker status. |
| <u>4 R0130</u> | Assurance mortality (female non-smoker) | Assurance mortality for female non-smokers where pricing is based on smoker status. |
| <u>5 R0170</u> | Assurance mortality (female aggregate) | Assurance mortality for females where pricing is not based on smoker status. |
| <u>6-R0210</u> | Assurance mortality (female smoker) | Assurance mortality for female smokers where pricing is based on smoker status. |
| <u>7 R0250</u> | Assurance mortality change per annum | Increase (decrease) in mortality rates per annum applied each year after the valuation date. |
| <u>8 R0290</u> | Individual pension annuitant mortality (male) | Annuitant mortality for male individual pensions in payment for standard lives (i.e. not enhanced / impaired annuities). |
| <u>9 R0330</u> | Individual pension annuitant mortality (female) | Annuitant mortality for female individual pensions in payment for standard lives (i.e. not enhanced / impaired annuities). |
| <u>10 R0370</u> | Bulk pension annuitant mortality (male) | Annuitant mortality for male pensions in payment for bulk buyouts of occupational pension schemes. |
| <u>14 R0410</u> | Bulk pension annuitant mortality (female) | Annuitant mortality for female pensions in payment for bulk buyouts of occupational pension schemes. |
| <u>12 R1330</u> | Expectation of life, male 50, no future improvements | Expectation of life for a male age 50 at the valuation date for deferred annuities. No allowance is to be made for improvements in mortality rates after the valuation date. For items A12-A23 expectation of life is the 'complete' expectation of life, i.e. allowing for the exact period from the valuation date to the date of death. For items A12-A23 firms should use whichever of individual or bulk business is more significant. |
| <u>13-R1370</u> | Expectation of life, male 50, with future improvements | Expectation of life for a male age 50 at the valuation date for deferred annuities including allowance for improvements in mortality rates after the valuation date as in the calculation of best estimate liabilities. |
| <u>14 R1410</u> | Expectation of life, male 65, no future improvements | Expectation of life for a male age 65 at the valuation date for pension annuities. No allowance is to be made for improvements in mortality rates after the valuation date. |



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| 45 R1450 | Expectation of life, male 65, with future improvements | Expectation of life for a male age 65 at the valuation date for pension annuities including allowance for improvements in mortality rates after the valuation date as in the calculation of best estimate liabilities. |
| 46 R1490 | Expectation of life, male 80, no future improvements | Expectation of life for a male age 80 at the valuation date for pension annuities. No allowance is to be made for improvements in mortality rates after the valuation date. |
| 47 R1530 | Expectation of life, male 80, with future improvements | Expectation of life for a male age 80 at the valuation date for pension annuities including allowance for improvements in mortality rates after the valuation date as in the calculation of best estimate liabilities. |
| 48 R1570 | Expectation of life, female 50, no future improvements | Expectation of life for a female age 50 at the valuation date for deferred annuities. No allowance is to be made for improvements in mortality rates after the valuation date. |
| 49 R1610 | Expectation of life, female 50, with future improvements | Expectation of life for a female age 50 at the valuation date for deferred annuities including allowance for improvements in mortality rates after the valuation date as in the calculation of best estimate liabilities. |
| 20 R1650 | Expectation of life, female 65, no future improvements | Expectation of life for a female age 65 at the valuation date for pension annuities. No allowance is to be made for improvements in mortality rates after the valuation date. |
| 24 R1690 | Expectation of life, female 65, with future improvements | Expectation of life for a female age 65 at the valuation date for pension annuities including allowance for improvements in mortality rates after the valuation date as in the calculation of best estimate liabilities. |
| 22 R1730 | Expectation of life, female 80, no future improvements | Expectation of life for a female age 80 at the valuation date for pension annuities. No allowance is to be made for improvements in mortality rates after the valuation date. |
| 23 R1770 | Expectation of life, female 80, with future improvements | Expectation of life for a female age 80 at the valuation date for pension annuities including allowance for improvements in mortality rates after the valuation date as in the calculation of best estimate liabilities. |
| 24 R0450 | Critical illness (male non-smoker) | Claim rates for male non-smokers where pricing is based on smoker status. Where accelerated critical illness is the main product the basis should be the percentage of combined mortality and critical illness claims. |
| 25 R0490 | Critical illness (female non-smoker) | Claim rates for female non-smokers where pricing is based on smoker status. |



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| 26 <u>R0530</u> | Critical illness change per annum | Increase (decrease) in critical illness rates per annum applied each year after the valuation date. |
| 27 <u>R0570</u> | Income protection inception (male) | Income protection inception rates for males. |
| 28 <u>R0610</u> | Income protection inception (female) | Income protection inception rates for females. |
| 29 <u>R0650</u> | Income protection termination (male) | Income protection termination rates for males. |
| 30 <u>R0690</u> | Income protection termination (female) | Income protection termination rates for females. |
| 34 <u>R0730</u> | Lapse rate per annum, years 11+, with-profits endowment | Average of the annual lapse rates for policy years 11+ for with-profits endowments. For cells A31-A43 (R0740+R0750+R0760)-(R1220+R1230+R1240) and B31-B43 C0010[R0740+R0750+R0760]-C0010[R1220+R1230+R1240] we expect firms to calculate the arithmetic average, but removing years which are not applicable or immaterial to their business. For experience in cells F31-K43 [C0050:C0070][R0730,770,0810,0880,0890,0930,0970,1010,1050,1090,1130,1170,1210] firms can choose between an arithmetic average of the annual rates or a weighted average provided this is applied consistently. |
| 32 <u>R0770</u> | Lapse rate per annum, years 11+, unit-linked endowment | Average of the annual lapse rates for policy years 11+ for unit-linked endowments. |
| 33 <u>R0810</u> | Lapse rate per annum, years 1-5, level term | Average of the annual lapse rates for policy years 1-5 for level term assurances. |
| 34 <u>R0850</u> | Lapse rate per annum, years 6-10, level term | Average of the annual lapse rates for policy years 6-10 for level term assurances. |
| 35 <u>R0890</u> | Lapse rate per annum, years 11+, level term | Average of the annual lapse rates for policy years 11+ for level term assurances. |
| 36 <u>R0930</u> | Lapse rate per annum, years 1-5, decreasing term | Average of the annual lapse rates for policy years 1-5 for decreasing term assurances. |
| 37 <u>R0970</u> | Lapse rate per annum, years 6-10, decreasing term | Average of the annual lapse rates for policy years 6-10 for decreasing term assurances. |



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| 38 <u>R1010</u> | Lapse rate per annum, years 11+, decreasing term | Average of the annual lapse rates for policy years 11+ for decreasing term assurances. |
| 39 <u>R1050</u> | Lapse rate per annum, years 1-5, investment bond | Average of the annual surrender rates for policy years 1-5 for investment bonds, including both part surrenders and full surrenders. |
| 40 <u>R1090</u> | Lapse rate per annum, years 6-10, investment bond | Average of the annual surrender rates for policy years 6-10 for investment bonds, including both part surrenders and full surrenders. |
| 44 <u>R1130</u> | Lapse rate per annum, years 11+, investment bond | Average of the annual surrender rates for policy years 11+ for investment bonds, including both part surrenders and full surrenders. |
| 42 <u>R1170</u> | Transfer rate per annum pre-retirement, individual pensions | Average of the annual transfer rate pre-retirement (e.g. below age 55) for individual defined contribution pensions. |
| 43 <u>R1210</u> | Transfer rate per annum pre-retirement, group pensions | Average of the annual transfer rate pre-retirement (e.g. below age 55) for group defined contribution pensions (e.g. group personal pensions). |
| 44- <u>R1250</u> | Guaranteed annuity rate take-up | Proportion of policyholders taking the guaranteed annuity rate which is in the money and where they are entitled the policy value either partly or fully in cash. |
| 45 <u>R1810</u> | Renewal management unit cost – with-profits endowment | Per policy renewal management expense unit cost in the year following the valuation date for with-profits endowments. |
| 46 <u>R1850</u> | Renewal management unit cost – unit-linked endowment | Per policy renewal management expense unit cost in the year following the valuation date for unit-linked endowments. |
| 47 <u>R1890</u> | Renewal management unit cost – term assurance | Per policy renewal management expense unit cost in the year following the valuation date for term assurances. |
| 48 <u>R1930</u> | Renewal management unit cost – investment bond | Per policy renewal management expense unit cost in the year following the valuation date for investment bonds. |
| 49 <u>R1970</u> | Renewal management unit | Per policy renewal management expense unit cost in the year following the valuation date for with-profits individual |



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| | cost – with-profits individual pension | pensions. |
| 50 <u>R2010</u> | Renewal management unit cost – unit-linked individual pension | Per policy renewal management expense unit cost in the year following the valuation date for unit-linked individual pensions. |
| 54 <u>R2050</u> | Renewal management unit cost – annuity | Per policy renewal management expense unit cost in the year following the valuation date for pension annuities in payment. |
| 52 <u>R1290</u> | Expense inflation after valuation date per annum | Annual rate of inflation applied to the expenses in A45-A54. (<u>R1810,R1850,R1890,R1930,R1970,R2010,R2050</u>) |
| 53 <u>R2090</u> | Aggregate renewal unit costs for year following valuation | The total amount of renewal management expenses implied for the year following the valuation date arising from the renewal management unit costs. Includes claims management expenses but excludes investment management expenses. |
| | <u>Assumption sub categories</u> | <u>Assumption sub categories are used to ensure multiple lines for the same assumption can be identified. Three rows are provided for each assumption type.</u> |
| <u>C0010</u> | <u>Valuation year Y basis</u> | <u>Basis for calculating the best estimate liabilities as at the current valuation date (reference date)</u> |
| <u>C0020</u> | <u>Valuation year Y-1 basis</u> | <u>Basis for calculating the best estimate liabilities as at the previous valuation date</u> |
| <u>C0030</u> | <u>Previous year Y-1 experience</u> | <u>Firm experience in year Y-1 where year Y is the valuation year.</u> |
| <u>C0040</u> | <u>Previous year Y-2 experience</u> | <u>Firm experience in year Y-2 where year Y is the valuation year.</u> |
| <u>C0050</u> | <u>Previous year Y-3 experience</u> | <u>Firm experience in year Y-3 where year Y is the valuation year.</u> |
| <u>C0060</u> | <u>Previous year Y-4 experience</u> | <u>Firm experience in year Y-4 where year Y is the valuation year.</u> |
| <u>C0070</u> | <u>Previous year Y-5 experience</u> | <u>Firm experience in year Y-5 where year Y is the valuation year.</u> |
| <u>C0080</u> | <u>Underlying table</u> | <u>Mortality / morbidity table, e.g. AM92. Where firms use a percentage of the table which varies by age firms should append 'adjusted' to the table name, e.g. AM92 adjusted. Firms should show 'reinsurer' where the basis uses the reinsurer's rates.</u> |



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| <u>C0090</u> | <u>Subcategory description</u> | <u>Description of subcategory, e.g. IFA, ex ABC Insurance, Brand X. Only required where there is more than one row for the same assumption.</u> |