

Distribution management

More Metrics modelled data includes a mortality score. This is expressed as a percentage of population mortality and differentiates by socio, economic, lifestyle and geographic factors.

The mortality score is available from both our Geo and Solo Ranges. The Geo score is tagged by postcode, and can also be differentiated by age bands and gender. The Solo score is specific to an individual.

One of its applications is for helping insurers identify the quality of business provided by different distributors as part of a distribution management strategy.

Why is mortality important in distribution management?

For life protection products mortality is the primary pricing variable, either directly or through reinsurer rates. However mortality experience takes many years to emerge, as the effectiveness of current underwriting methods minimises early deaths. Therefore premiums have to include a margin for mispricing risk and profitability may vary significantly from assumed in future years.

What information More Metric's mortality scores provide?

A simple and quick measure of the relative mortality risk of each distributor's business can be obtained by scoring their clients using the mortality score from our Geo Range. The average client score is a direct measure of the relative mortality quality of each distributor's book. Clients can be scored as soon as their details are captured, so enabling mortality quality to be monitored continually.

For a more accurate assessment the postcode, age band and gender tagged mortality score could be used. The further accuracy of using the mortality score for the individual from the Solo Range is available if required.

In practice some of the mortality variation may be allowed for through the business mix by smoker status, rated cases, sum assured and other rating factors. This can be allowed for by segmenting the analysis and using weighted averages for a distributor's business.

Is this easy to do?

Yes: bulk data can be transferred using a compliant FTP site, whilst real-time individual calls can be made via an API link.

How can this help?

The expected mortality profile is one aspect of the quality of the business of a distributor's business. Others factors include lapse and servicing measures. Each of these can be quantified on their effect on profitability. Such information underpins the ability to take action to improve the business written.

Potential actions range from varying commission terms to reflect expected profitability, identifying distributors to work with to improve their business, or amending marketing, products, pricing or rating factors to target better business segments.

Additionally the immediate evidence of the value of the mortality experience will enable the mispricing risk premium to be reduced in both insurer assumptions and reinsurance rates.

moremetrics

More Metrics provides UK demographic and lifestyle data. Our geo-sourced data is GDPR-compliant and available through our Geo Range tagged by postcode, or our Solo Range tagged by individual. Bespoke data development is also available.

REaD Group

More Metric's data is available from the REaD Group. REaD Group is the UK's leading independent data communications agency.

Contact Nigel.Bradshaw@MoreMetrics.co.uk for further details.