



Working To Keep You Informed

By J.C. Brueckner, SVP

This quarter's *Viewpoint* features a wide variety of topics from genetic testing to establishing new mortality tables to managing concentration of risk. In *The Viewpoint*, we

strive to provide meaningful information on subjects of concern to the industry and, especially, our clients. We also provide you with insight into Generali USA's perspective and capabilities in each of these areas. Finally, we want to encourage

ongoing dialogue and communication. Therefore, I encourage you to provide the authors with your views, questions or comments on the subjects. There is a great deal more to understand on each of these topics. As appropriate, we

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Generali Report On Genetics

Life insurance will be increasingly coping with genetic research results and with the advantages and disadvantages that discoveries in the field of genetics can bring to the life insurance business. Recognizing this development, Generali's Risk Selection Service (part of the life division) compiled a report: Genetics and Life Insurance. The authors were Patrizia Marocco, Life Group Coordination, Technical Control and Re-

insurance Department, Assicurazioni Generali and Matthew R. G. Taylor M.D., Ph.D, Director, Adult Clinical Genetics, Department of Medicine, University of Colorado at Denver and Health Sciences Center.

Ms. Marocco writes "Our aims are to present genetics in a clear and concise manner, to raise awareness and interest in this topic, and to foster discussion of the complex issues in this area for the benefit of insured people and insurers alike."

In this issue of *The Viewpoint*, Charlotte Lee, M.D., VP and Chief Medical Officer and Jay Kinnamon, FSA, SVP, CFO and Chief Actuary offer insight into the topic of genetics and life insurance. While not intended for distribution outside The Generali Group, Generali is providing us with a limited number of these reports. If you are interested in receiving one, please contact your sales representative.



Genetic Testing: The Industry Must Be Ready

By Charlotte Lee, M.D., VP & Chief Medical Officer

Genetic testing is one of the critical medical issues in the insurance industry, along with issues such as domestic violence, blindness and unisex ratings.

In general, the public dislikes risk classification.¹ Some of the reasons given for this are:

- Insufficient actuarial justification
- Mistakes by underwriters
- Applicant being "set up" by application questions
- Violation of privacy
- Discourages good medical care
- Unfair to charge some more

than others or to deny insurance

- Some practices are believed to be illegal

What is "different" about genetic testing?² It is:

Personal: What could be more individual than one's DNA?

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Genetic Testing & Life Insurance

By Jay Kinnamon, FSA, SVP, CFO & Chief Actuary

Several parties have voiced concerns regarding the potential misuse of genetic information in insurance. There is a fear that this information could be used to unfairly categorize persons for insurance on the basis of real or perceived genetic risks. This applies to not just life insurance, but also to insurance for disability, critical illness, long-term care, income annuities, etc.

Theoretically, an increased knowledge of genetic risks could lead to categories of persons being excluded by insurers. However, there could also be other categories of individuals with favorable genetic characteristics who would be offered more favorable insurance terms.

Genetic tests can sometimes lead to precise diagnosis of a serious disease. However, many genetic tests simply indicate an individual's susceptibility to developing certain diseases. These predictive tests indicate only that an individual is more likely to be affected by a particular disease and do not predict the pattern or severity of the disease if it does occur.

Genetic tests are currently not widely used due to their cost, lack of coverage for the tests by health plans, lack of familiarity of the tests by the public and even by physicians, and

lack of corresponding treatments. The concern among insurers is that there will be a significant increase in the use of genetic tests and in the ability of tests to detect predisposition to diseases such as cardiovascular diseases and diabetes.

Symmetry of information between insureds and insurers is one of the key principles of private insurance which allows calculating appropriate premiums and minimizing anti-selection risk. Insurers are thus concerned by the potential adverse financial consequences that could result if genetic tests become commonly used and insurers do not have access to the same information as the insureds.

The consideration and implementation of legislative restrictions on the use of genetic information by insurers varies considerably by country:

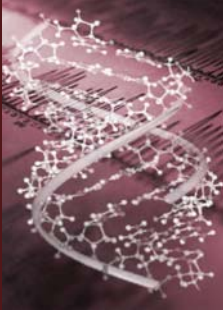
- In some countries, such as Austria and Belgium, the law prohibits asking for information on or considering results of genetic tests that have been performed or including such tests in underwriting requirements.
- The UK and Germany permit the use of previously performed diagnostic tests in underwriting and permit the use of predictive tests only if the amounts insured exceed certain thresholds (and if other conditions are met).
- Hong Kong allows the consideration of previously performed tests when their reliability has been proven and the relevance to the insurance product has been established.
- Some countries, including China and Mexico have no provisions of law and the insurance markets do not currently consider the tests.
- In the United States, both federal and state law applies. As part of the prohibition on individual underwriting of an employee in a group setting, all states prohibit genetic testing for group health insurance. Several states¹ have adopted legislative restrictions on the use of genetic testing - primarily for health insurance, although many encompass life insurance or related coverages (e.g., disability income, long-term care). In general, these provisions couch the restrictions in terms of "unfair discrimination" and limit the ability to use genetic testing unless there is "actuarial justification".

Currently, more than 90% of worldwide candidates for insurance are classified as 'normal risk' and only 1-4% of proposals are declined. Some fear that genetic tests may

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Symmetry of information between insureds and insurers is one of the key principles of private insurance...

¹ As of February 2006, 30 states had enacted legislation touching on this topic to varying degrees. Source – ACLI Life Insurance Laws Survey; Genetic Testing: Underwriting Limitations Based on Tests and Information



“The Potential Role of Genetic Testing in Risk Classification”... this monograph warned the insurance industry that it needed to be ready for the arrival of this new technology that would have a major impact on our ability to classify risk.

Genetic Testing: The Industry Must Be Ready

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Predictive: Healthy people are given information about future risks.

Powerful: Genetic testing has the power to change lives, plans, and behaviors.

Private: Who will have access to the records?

Pedigree-sensitive: Also affects relatives.

Permanent: The results may be here to stay.

Prejudicial: There is the possibility of discrimination with the use of genetic testing.

Genetic Testing Comes of Age

In 1988, Don Chambers, M.D., former Vice President and Chief Medical Director, Lincoln National Reinsurance Company, established the industry's first Genetics Committee. In 1989, Bob Pokorski, M.D., currently Vice President, Worldwide Medical Research and Development, GenRe, and this committee published a monograph entitled “The Potential Role of Genetic Testing in Risk Classification”. In summary, this monograph warned the insurance industry that it needed to be ready for the arrival of this new technology that would have a major impact on our ability to classify risk. Out of this came the “Ten Management Imperatives for the Life Insurance Industry”, as penned by Dr. Chambers. I will highlight these messages:

1. This New Technology is Revolutionary. Dr. James Watson, founder of the Human Genome Project, and his team of researchers successfully identified every known human gene.
2. There is a Steep Learning Curve. There is the need for education involving actuaries, consultants, and underwriters. The Reinsurer should play a role in this education. There are technical and non-technical issues that need to be addressed.
3. Bioethics: Insurers need to proactively address related ethical, legal and social issues. Dr. James Watson created the Ethical, Legal and Social Implications Committee. The ELSI groups address concerns about confidentiality, genetic privacy and discrimination, while recognizing that scientific progress should not be stalled while addressing these concerns.
4. Engage in Dialogue: The public does not discriminate between health and life, and between group and individual insurance. Therefore, life insurers need to have dialogue with those who find fault with our industry.
5. Resist the Urge to Consider Genetic Testing: Commercial use of DNA-based tests is rare. Although some countries have placed a moratorium on genetic testing, antitrust laws may prohibit voluntary moratoriums. In spite of not requiring genetic testing, insurers need to have access to all information that applicants have in order to avoid antiselection. It is anticipated that premature use of technology will probably not be an issue for insurance laboratories.
6. Develop a System of Analyzing a Definition: We have to differentiate between broad and narrow definitions of genetic testing, genes vs. gene products, predisposition tests, and pre-symptomatic tests.
7. We Need to Encourage the ACLI to Manage the Genetic-Testing Issue Proactively. This involves education of the insurers and the public, concern for bioethics, lobbying, strengthening of public and media relations, and strategic planning.
8. We Need to Establish an Industry-Wide Code of Conduct. It cannot be overstated that genetic information is highly personal. There has to be written informed consent to access ge-

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Genetic Testing: The Industry Must Be Ready

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netic-test data. There need to be corporate information-handling practices to ensure confidentiality. Insurers will refrain from prematurely adopting genetic test technology and use genetic test data only if it adds to the underwriter's ability to assess risk. The MIB must avoid using specific codes for DNA-based test results.

9. Support Underwriting Research and Development efforts. Develop means for proper analysis of genetic data and perform medical/actuarial analysis when needed

(e.g., for multifactorial disease).

10. Support the Concept of Governmental Oversight of DNA Tests' Manufacture and Use. The advantages of testing are improved disease management, relief from uncertainty and anxiety, information for family members, and lifestyle decision making, including reproduction. Potential disadvantages are psychological distress, loss of privacy, change in family dynamics, false sense of security, and sometimes the need for ongoing counseling.

The concerns about genetic tests continue to be accuracy, cost, turnaround time, and contamination. There will continue to be concerns about mutations. Some mutations are not detectable and some have uncertain significance. It must be kept in mind that many genetic tests indicate the probability, and not the certainty, of developing a disease.

¹ 1994 Legislative Outlook Forum: Dan Case—ACLI

² Cancer and Genetics (Gould R, 1997)



The concerns about genetic tests continue to be accuracy, cost, turnaround time, and contamination.

Genetic Testing & Life Insurance

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increase the number of non-insurables.

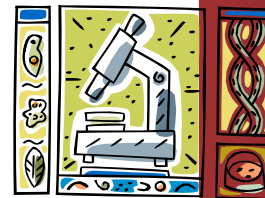
However, many life insurers hope that they will benefit from the use of genetics and actually improve the above results. If genetic tests reveal susceptibility to diseases, insurers will need to evaluate this information in probabilistic terms as is done for traditional risk factors. In this evaluative process, it is expected that some genetic factors will be considered to be protective, thus allowing insurers to provide coverage at lower rates in some situations.

Insurers must increase their knowledge related to this sci-

entific development, just as they have with past developments. Specific actuarial research is needed to evaluate the impact of adverse selection and to demonstrate the actuarial relevance of genetic tests, as well as to refine the criteria and statistical basis for the classification of risks. Insurers must also keep up to date with legislative and regulatory developments regarding the use of genetic tests and effectively represent their positions to these bodies.

Genetic tests will ultimately be considered among the most important diagnostic tools used in clinical medicine. Concerns

regarding their use by insurers will continue to be raised and considered by regulators. Insurers will need to advance their knowledge regarding these tests and communicate how they will use these tests to provide a fair mechanism for evaluating eligibility for insurance, while safeguarding individual privacy and maintaining the financial soundness of insurance organizations. This is a complex and delicate issue with no easy answers and it is important to seek the most appropriate steps to safeguard all parties concerned.



Insurers must increase their knowledge related to this scientific development, just as they have with past developments.



The 2001 VBT has emerged as a potential alternative to the 7580 table as a framework for mortality assumptions.

Examining Mortality Assumptions – A Few Considerations

by Katy Curry, FSA, MAAA, Actuary—Finance

Introduction

In this article, we'll examine just a few of the topics to consider when setting mortality assumptions. We'll start with a basic framework of a mortality table, discuss sources of support data, and touch on preferred mortality and mortality improvements. Along the way, we'll also highlight a number of useful sources of information and point out a few characteristics of those sources to keep in mind. However, this discussion is intended to be an overview that will just scratch the surface of the myriad of topics to consider when examining mortality assumptions!

I. Mortality Table

There are many mortality tables available that can serve as a framework for mortality assumptions. This discussion is limited to two popular options: the 1975-80 Basic Tables (7580) and the 2001 VBT mortality tables.

A common industry practice has been to set mortality assumptions equal to some percentage applied to the 7580 table, with those percentages varying by underwriting risk class and possibly by gender, issue age, issue amount or duration. The 7580 table is based on industry experience from contributing companies in policy years 1975-80. Mortality rates are available through is-

sue age 70. Various extensions have been developed to supplement the 7580 table for issue ages over 70. The 7580 table offers a 15 year select period, combines smoker and non-smoker experience, and provides rates up to attained age 99.

The 2001 VBT has emerged as a potential alternative to the 7580 table as a framework for mortality assumptions. The 2001 VBT is based on industry experience from those companies who contributed to the 1990-95 SOA Mortality Experience Committee study. This study covers policy years 1990-95. Supplementary data is also included to fill in the data gaps for very old and very young ages. To create the 2001 VBT,

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Identification and management of risk has become more critical for the individual life industry.

Concentration Exposure: It's An Issue For Everyone

by Steve Dvorak, Group Reinsurance Vice President

We're all familiar with 9/11, the Oklahoma City bombing, airline crashes, earthquakes, hurricanes and other major disasters. Whether the cause is terrorism, industrial accidents or Mother Nature, the financial impact of a major disaster on your block of business could be devastating. With the demise of inexpensive catastrophe coverage, identification and management of concentrations of risk

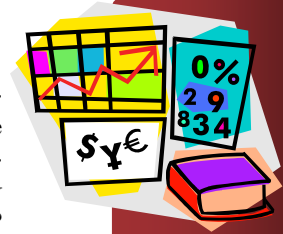
has become more critical for the individual life insurance industry. The property/casualty and group life markets have generally been aware of the concentration issue over the years. In recent years, Individual Life companies have begun to recognize that they too have concentrations of risk that need to be properly managed.

For example, in the P & C marketplace, both commercial and personal insurers are con-

cerned about concentrations of insureds in hurricane prone regions. They manage their concentration exposure with sophisticated models to analyze their business, define their risk tolerance and purchase reinsurance. Similarly, the Group Life market understands the need to manage concentration exposures that can occur in the workplace. Because of this, Group carriers work closely with their reinsurers to underwrite and reinsure their business.

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Examining Mortality Assumptions *Continued from page 5*



rates resulting from the 1990-95 study are smoothed and mortality improvements applied to bring the rates up to 2001. The 2001 VBT offers a 25 year select period, smoker distinct versions, and rates up to attained age 120.

Though widely used in the industry, there has been some criticism that use of a flat percentage of the 7580 may inadvertently incorporate aggressive mortality improvements into the mortality assumption. Put another way, when compared to recent industry experience (or mortality tables based on recent industry experience) it appears that mortality assumptions using a flat percentage of the 7580 table may underestimate mortality in later projection years; the slope of the 1975-80 table is “not steep enough”. This criticism, as well as some of the more attractive features of newer tables, has led many to re-evaluate their mortality assumptions as a function of the 7580 table and examine

alternatives such as the 2001 VBT.

However, this criticism assumes that an “apples to apples” comparison can be made between recent industry experience and a typical set of mortality assumptions based on the 7580. This assumption is potentially flawed. Recent industry data, including that from which the 2001 VBT is derived, may reflect an unstable mix of business across durations. An unstable mix will cause problems with direct comparisons to the 7580 mortality table. As just one example, a concentration of preferred risks in early duration experience would appear to suppress observed mortality rates in early durations. At the same time, a concentration of standard risks in later durations would appear to raise observed mortality in later durations. Put another way, if industry experience in early durations is 50% of the 7580 table, and industry experience in later durations is 60% of the table, is this result because the 7580 is not

steep enough, or because there are more preferred risks concentrated in early durations, or both? To the extent recent industry data materially suffers from these types of mix of business complications, and as the 2001 VBT is a reflection of that data, this could imply that the slope of the 2001VBT is too steep.

Choosing an appropriate mortality table as the framework for mortality assumptions requires not only consideration of the age and features of the table, but also the nature of the underlying data and the appropriateness of fit.

II. Supporting Data

To help develop and support mortality assumptions, such as how to adjust the given framework of a mortality table, there are several sources of data to consider. Each has strengths and weaknesses.

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Though widely used in the industry, there has been some criticism that the use of a flat percentage of the 7580 may inadvertently incorporate aggressive mortality improvements into the mortality assumption.

Comparison Of 7580 and 2001 VBT Tables

	1975-1980 Basic Table (7580)	2001 VBT Table
Industry Experience	Contributing companies from policy years 1975—1980	Companies who contributed to the 1990-95 SOA Mortality Experience Committee study.
Issue ages	Mortality rates through issue age 70; extensions for issue age over 70	Supplementary data is also included to fill in the data gaps for very old and very young ages.
Select Period	15 year select period	25 year select period
Other	Combines smoker and non-smoker experience; provides rates up to attained age 99	Smoker distinct versions; rates up to attained age 120

Examining Mortality Assumptions

Continued from page 6



Two SOA surveys may also provide additional information on mortality assumptions used in the industry.

Ideally, a company should examine its own data compared to the baseline mortality table. This information is likely more tailored to the company's existing

or planned portfolio of mortality risks. In addition, the mortality information could be split by underwriting class as well as other risk features. The benefit to splitting the data ("drilling down") is that confounding effects, such as changes in the mix of preferred and standard business, can be taken into account. The most frequent downside to a company specific mortality study is a lack of credibility or size, so supplementation with industry or other data is often required.

One useful source of industry data that is immediately available is the SOA 1996-2001 Experience on the 1975-80 Basic or 2001 VBT Excel pivot tables. (This information can be found under the 2000-01 Individual Life Experience Report on the SOA website: WWW.SOA.ORG. We recommend that you make certain to download the most recent version since it contains important updates to the preliminary version released in October 2004.) This study does not offer the ability to split experience by preferred/standard underwriting classification, so the effect of the underlying mix of business in these classes should be taken into consideration when re-

viewing the study results. This study does allow for significant "drill-down" in other categories enabling a company to begin customizing the industry experience to an existing or planned portfolio of mortality risks.

Two SOA surveys may also provide additional information on mortality assumptions used in the industry. The two Preferred Underwriting Survey Reports (one for direct writers, one for reinsurers) offer a glimpse into how some in the industry are structuring their mortality assumptions for pricing – or at least how they were pricing at the time of the survey. Market changes since the time of the surveys should be considered.

III. Preferred Mortality

Another consideration in setting mortality assumptions is the nature of the slope for preferred mortality risks. A literature search on this topic yields dissenting arguments. On one hand, there is commentary arguing that preferred status deteriorates over time -- the "wearing off" of the preferred mortality discount. Another commentary argues in favor of mortality differences between preferred and standard risks persisting for 20+ years.

Clearly, there is a lack of consensus in the industry on this topic, and there is little research in direct support of either argument. However, additional guidance may be forthcoming. This topic has received

recent attention in discussions related to the Preferred Life Insurance Valuation Project (United States), a project still in progress. Also, the SOA is currently performing a study on this topic using futurism techniques, with the project report expected to be released in late summer 2006.

In the meantime, whether to include an adjustment for preferred mortality deterioration and how to include that adjustment are two important considerations in setting mortality assumptions that will require significant judgment.

IV. Mortality Improvements

Mortality improvements are another set of considerations that will affect mortality assumptions. Mortality improvement assumptions can be generational or durational. Generational mortality improvements are used to bring historical mortality data to the present era. For example, generational improvements were used to bring the underlying 2001 VBT mortality data to year 2001. Durational mortality improvements are used to project mortality improvements from the present era into the future.

Data to develop mortality improvements assumptions are available from several sources. Two of those data sources are the SOA Intercompany Experience Study reports which provide information on insured life mortality

Examining Mortality Assumptions

improvement and articles published in the SOA Product Development newsletter which provide information on population mortality improvement. Note that improvements suggested by industry data will be affected by the underlying mix of business, and improvements suggested by population data should be adjusted for smoking cessation (smoking cessation data is available from the CDC).

There are also two survey reports available from the SOA that discuss the use of mortality improvement assumptions in the industry. The first, the Mortality Improvement Survey Report, explores in detail the practices of direct life companies regarding the use of a mortality improvement assumption. The second, the Preferred Underwriting Reinsurance Survey Report, contains one section related to the mortality improvement as-

sumptions used by life reinsurers. Again, market changes since the time of the surveys should be considered.

V. Other Considerations

Finally, and for good measure, here are just a few other matters to keep in mind when developing a set of mortality assumptions:

- Consider the pertinence of traditional underwriting classifications at very high attained ages. Should the mortality assumptions for a 98 year old smoker and a 98 year old non-smoker be significantly different?
- Consider the effect that a change in anticipated mortality assumptions will have on X factors. For example, moving from a “flatter” 7580 based mortality assumption to a “steeper” 2001 VBT based mortality assumption may impact a

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company’s ability to satisfy some aspects of XXX regulation with existing X factors.

- Consider the impact that a change in mortality assumptions will have on product competitiveness. Changing mortality assumptions may cause projected claims to rise for some population segments and fall for others. The competitive stance of a product may change depending on the assumed mix of business used in pricing.

Katy Curry, FSA, MAAA joined Generali USA in 2003 as Actuary - Finance. Her responsibilities include experience studies, XXX regulation and cash flow testing. Prior to joining Generali USA, Katy was with Fortis Benefits (now Assurant Benefits).



The Mortality Improvements Survey Report explores in detail the practices of direct life companies regarding the use of a mortality improvement assumption.

Concentration Exposure

What about the individual life business?

Many Individual Life insurers have been concerned about “smaller” concentration exposures such as the risk of a family with several insureds all dying in an automobile accident. Prior to 9/11, most Individual Life companies purchased catastrophic coverage (cat coverage) inexpensively. Now that the cost of cat coverage has risen so dramatically, many Individual insurers have elected to go without protection because they feel they can tolerate these smaller per occurrence losses. However, some Individual Life insurers may be overlooking sizeable concentrations of risk that could

negatively impact their business. These areas of concentration exposure include:

- **Home Office Employee Group Life and AD&D Plans**

Numerous non-group life carriers find it beneficial to issue basic and voluntary group life and AD&D coverage to their own employees and agents. By issuing coverage on their own paper, however, the company is assuming a significant workplace concentration exposure.

- **Individual Life Insurance Issued to Company Employees and Agents**

Individual life insurance owned by company employ-

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ees represents another potential concentration exposure. It would not be unusual to find that a high percentage of the home office employees and agents of an insurance company purchase their individual life insurance from their employer. While these employees are at work their individual life insurance becomes a concentration exposure. If the company also issues group life and AD&D coverage to their employees the aggregation of the individual and group life coverages will amplify the company’s exposure to catastrophic loss.

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Producer Incentive Trips: These trips pose a different kind of exposure risk.

Concentration Exposure

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- **Producer Incentive Trips**

Insurers routinely reward their top producers by conducting "Presidents Trips" to popular North American or foreign resort destinations or cruises. In almost every instance these agents are accompanied by key personnel from the home office. These trips pose a different kind of concentration exposure. Home office employees, agents and their families often travel on the same airplanes and buses and are lodged at the same resort or cruise ship during the trip exposing the insurer to common carrier exposures as well as the lodging concentration exposure.

- **Geographical Concentrations**



Many fraternal and regional carriers as well as some of the larger national carriers concentrate on selling individual life insurance to a particular target market in specific geographic areas. Certain geographic areas are prone to natural disasters such as hurricanes, tornados and earthquakes leaving these companies with geographical concentration exposure to these infrequent but potentially volatile occurrences.

- **Individual Worksite Products**

Many Individual Life insurers are actively involved in marketing Individual Work-

site products. While these products are sold and underwritten individually they are being issued to employees of a specific employer group. Multiple insureds within the same employer group will result in concentration exposures which could become substantial.

How can Generali USA help?

Generali USA can assist your company in assessing and managing your concentration exposure. We can work with you to define your company's risk tolerance limit, identify concentrations and provide risk management reinsurance solutions in the most efficient and cost effective manner possible. We offer Quota Share and Excess Group Life/AD&D, Accidental Death Carve-out and Abnormal Mortality Life Stop Loss reinsurance.

For example, if your company self-insures your employee group life and ad&d plan, one solution to your concentration exposure may be to reinsure this program on a 100% quota share basis. This approach allows your company to enjoy the benefits of issuing coverage on your own paper while eliminating the concentration exposure. An additional benefit is that your company is also protected against adverse fluctuations in mortality.

Another solution may be a combination of excess group life/ad&d and accidental death carve-out (ADCO) reinsurance. If your company's self-insured employee group life and ad&d plan has a significant amount of volume, it may be more advantageous from a premium perspective to deter-

mine an appropriate retention level and reinsure all amounts in excess of that level. An ADCO program could then be purchased for all net retained amounts of group life/ad&d and individual life coverages. By structuring your reinsurance in this fashion you eliminate concentration exposures on both your employee group plan and your entire retained individual life portfolio while only exposing your company to death from natural causes. An additional benefit with this combination approach is that there are no terrorism, nuclear, chemical or biological exclusions as the reinsurance exclusions of both these programs mirror those of your company's underlying policies.

To learn more about how we can help you identify and manage your potential risk, contact me via e-mail at sdvorak@generaliusa.com or by phone at 1-816-412-3752.

For other related articles, see The Viewpoint's Winter 2005 (Group Life: Trends and Developments, Winter 2005 Abnormal Mortality Life Stop Loss and Spring 2005 (Group and Individual Life Accidental Death Carve Out). These can be found in the About Us section of our website: www.generaliusalifere.com

Steve Dvorak has over 16 years of group and personal accident reinsurance experience. Steve joined Generali USA in May of 2003 as Marketing & Underwriting, Vice President - Group Reinsurance.

Working To Keep You Informed *Continued from page 1*

could share your thoughts and inputs in future issues of *The Viewpoint*.

The subject of genetic testing is certainly an open book. It is only in its infancy and there is no real foundation or playbook for how to proceed with incorporating it into our business. I believe many of us have ignored the issue simply because there are no hard or fast answers. Our parent company, Assicurazioni Generali S.p.A., felt that the most important first step for its group companies was building a foundation of basic knowledge. Therefore, they commissioned the report discussed in this issue. Generali USA staff in Actuarial, Medical, and Underwriting have all been studying this report as well as other industry publications. Two of the articles featured in this issue focus on their thoughts regarding genetic testing and life insurance. We believe actively pur-

suing education and dialogue will help all of us deal with this key emerging issue.

With the advent of the 2001 mortality table, evaluating your baseline mortality tables is certainly an issue we all have been forced to address. This is a project that we take very seriously at Generali USA and are very proud of our capabilities to analyze our own mortality data and incorporate additional information into the evaluation process.

Concentration of risk is another subject that has come to the forefront since 9/11, especially when it comes to coping with the rising cost to obtain certain coverages. Our Group Operation in Minneapolis has substantial expertise in identifying and analyzing the risks. They are dedicated to providing solutions that work in today's environment.

I hope that you are finding *The Viewpoint* to be informative,

useful and enlightening as to Generali USA's view of the world. All of us at Generali USA

welcome your thoughts, ideas and feedback. Nate Johnson, our new VP, Underwriting, has outlined his thoughts on the role of Underwriting. The quality and efficiency of our underwriting is of critical importance. We have been working hard to improve and need to know from you if we are meeting your needs. To encourage feedback on this topic, we are planning a client survey focusing on our Underwriting Department.

Have a great summer and please do not hesitate to contact us at anytime.



The most important first step in addressing the issue of genetic testing is building a foundation of knowledge.

Generali USA's Newest Member

Carolyn Cole joined Generali USA in May as an Actuarial Assistant. She recently graduated Summa Cum Laude from Washburn University in Topeka, Kansas.

Carolyn has a Bachelor of Arts degree in Mathematics and Economics and a minor in Business with a specialization in Actuarial Science. Currently working on earning her FSA designation, she has already passed two of the Society of Actuaries preliminary



examinations.

Carolyn was a member of a host of organizations at her university, including ZTA social sorority, Math Club and two national

honor societies. She also held an actuarial internship at Amerus Annuity Group in Topeka.

Carolyn is new to the Kansas City area and currently resides in Overland Park, Kansas. Join us in welcoming Carolyn and send her an e-mail at:

ccole@generaliusa.com



Underwriting: We're Here To Help

By Nate Johnson, VP Underwriting

Having joined Generali USA in January, this is my first opportunity to communicate with you in this format. In the following few paragraphs I will share with you my thoughts, beliefs, and viewpoint relative to the underwriting goals and services we strive to attain and deliver to you our clients.

Our primary goal is to deliver competitive and consistent offers on facultative submissions in as timely a manner as possible. We define timely as responding within 24 hours from receipt of the facultative case in our office and if at all possible, within the same day. We

realize that more often than not securing reinsurance acceptance and/or capacity is the final step before issuing a policy. Thus, we must be as responsive as possible to meet our clients' needs.

In addition to our facultative service, our seasoned underwriting and medical staff can provide medical knowledge, mortality expertise and personalized consulting services to our clients in several areas including:

- Preferred underwriting consulting
- Underwriting guidelines and market analysis

- Underwriting seminars on medical and non-medical issues
- Older age underwriting expertise
- Underwriting audits
- The Guide (our state-of-the-art on-line manual)

Finally, I believe we need to continually build and nurture our relationships with our clients, so we may better understand their respective needs. By listening to our clients we can work together to create a solution or service that fits their needs, not needs that fit our solution or service.



Tell Us How We're Doing & Win A Columbia Jacket!

By Nate Johnson, VP Underwriting

There have been a lot of changes at Generali USA in the past year and we want to know how we're doing in meeting your needs. Your opinions are critical in helping us improve our service.

In the next few weeks, we will be emailing an interactive survey to you. Please take a few minutes to complete the online survey: ***How Are We Doing?***

Based on a random drawing from all entries, we will award a Columbia wind jacket and Generali Lion to one lucky responder.

Generali USA Life Reassurance

Editorial Team

Name	E-Mail Address
J. C. Brueckner	jcbrueckner@generaliusa.com
Amy Cascone	acascone@generaliusa.com
David Gates	dgates@generaliusa.com
Manny Villa	mvilla@generaliusa.com

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