
FOR IMMEDIATE RELEASE

Press Release

**Milliman Releases Study:
“Dynamic Policyholder Behaviour and Management Actions Survey”**

Seattle – 07 October 2013 – Milliman, Inc., a premier global consulting and actuarial firm, today announced a new report summarizing the results of a recent survey of current practice in the modeling of dynamic policyholder behaviour (DPB) and management actions (MA) for life insurance business. Survey participants included major insurance companies across Europe, the US, and Japan.

“Realistic modeling of how management may react to future economic and other circumstances (“dynamic management actions”) is a key aspect of modern actuarial modeling,” says Ed Morgan, Milliman principal. “This new survey from Milliman shows that many life insurers need to develop their models much further in this area, if projected results are to be fully meaningful.”

DPB and MA are becoming increasingly important aspects of modeling as more focus is placed on stochastic calculations and the tails of distributions. In particular, Solvency II in Europe specifies requirements for both DPB and MA, so we expect significant work being required of companies in these areas, particularly as this should form a key component of a company’s risk management.

Market turmoil in recent years across various regions highlights the importance of working to understand and model how management may react to such scenarios. However, the survey results show that many companies are failing to model DPB for some key options. Modeling of MA is also underdeveloped in many cases, with some key actions not being modeled at all, or in an over-simplistic way which doesn’t appropriately reflect reality. DPB and MA predicted by models should be monitored against actual experience as it emerges, with models being refined over time.

A more detailed report was provided for companies who participated in the survey.

Interested parties may obtain a copy of the Milliman study at <http://uk.milliman.com/insight/2013/Dynamic-Policyholder-Behaviour-and-Management-Actions-Survey-Report/> or further information by telephoning or emailing Ed Morgan at + 44 7939 016 401, ed.morgan@milliman.com, Dominic Clark at + 34 609 026 561, dominic.clark@milliman.com or Jeremy Kent at + 44 795 074 8647, jeremy.kent@milliman.com

About Milliman

Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in life insurance and financial services, property & casualty insurance, healthcare, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe.



Milliman in Europe

Milliman maintains a strong and growing presence in Europe with more than 250 professional consultants serving clients from offices in Amsterdam, Brussels, Bucharest, Dublin, Dusseldorf, London, Madrid, Milan, Munich, Paris, Warsaw, and Zurich. For further information, visit milliman.com.