



Hello. My name is Chet Lozowski and I am an actuary at PolySystems in Chicago. As Health Practice Manager I work with all of our firm's health actuaries, both here and in New Jersey. I'm writing to all clients who use our Health Software. I plan to regularly send brief helpful updates that focus on new developments at PolySystems, and in the health insurance industry. This is the first of such emails.

Many HealthMaster clients have switched or are in the process of switching over to 2001 CSO for statutory and tax reserves. New functionality that assists you with 2001 CSO implementation efforts has been added to our Health Suite (HealthMaster, HealthDelphi, HealthMeasure and HealthSOE).

Standard 2001 CSO MORT files are coded with a radix of zero. Previously, you were required to remove that zero and introduce an actual radix (ideally a large number such as 10 billion). Failure to do so would result in a zero mortality assumption as a basis for reserves. (In a MORT file, the second line contains 2 entries, or tokens: radix and age basis code.)

This new functionality makes life simpler by eliminating the need for a radix. If radix = 0, MORT file $q(x)$'s are now used directly.

If you wish to delay rolling-up to the current version of Health Suite software, you simply need to continue to replace zero with an actual radix; then, all calculations will start with the development of a table of integer $l(x)$ values where $l(0) = \text{radix}$.

Standard 2001 CSO MORT files are coded with an age basis code of zero. But health software accepts several age basis codes: 0 (no age basis adjustment), 1 (ANB), and 2 (ALB). If you want to allow for mortality adjustments, simply change zero in the age basis code to 1 or 2, depending on the description in the first line of the MORT file.

This new functionality is available in current production versions of PolySystems software. Contact me or your PolySystems representative for more information or to obtain the latest software release.

I hope that this e-mail and the improved functionality are helpful to you. Let me know if you have any questions. PolySystems is committed to being responsive to all of your needs. Please don't hesitate to let me know how we can help.

Thank you,

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