

Chapter 1. Introduction to the Measure System

This manual applies to AnnuityMeasure, HealthMeasure, IncomePayMeasure, LifeMeasure and ULMeasure. Differences between systems are noted where applicable.

PolySystems' Measure systems analyze coverage-level historic transactions and report actual decrement and exposure values for all coverages included in the study. Measure reads the information in the specified Horizon Policy Detail History (PDH) to determine actual decrements and exposures (and, if applicable, premium payment history, partial withdrawal activity and policy loan activity).

Measure is integrated with the Master/Delphi systems. Expected values used in the Measure study are calculated using the statutory, GAAP or projection assumptions coded for each coverage—or they can be based on some other standard *Calculation Parameters* definition that is specified at runtime (global override).

Actual values developed by Measure are compared to the specified expected basis using A/E ratios (actual to expected ratios). Measure also calculates actual decrement rates and confidence intervals for the calculated actual rates.

Measure systems calculate actual and expected rates for:

- Mortality;
- Lapses (Annuity, Health, Life and UL only);
- Morbidity Incidence (Health only);
- Morbidity Termination (Health only);
- Premium Persistency (UL/Annuities only);
- Partial Withdrawals (UL/Annuities only);
- Policy Loan Utilization (UL/Annuities and Life only);
- Annuitization (UL/Annuities only).

AnnuityMeasure, HealthMeasure, LifeMeasure and ULMeasure reports can be based on:

- 1) Policy Count;
- 2) Coverage Count;
- 3) Face Amount;
- 4) Premium Amount (Lapse reports only);
- 5) Net Amount at Risk.

IncomePayMeasure reports can be based on:

- 1) Lives;
- 2) Consideration.

Expected rates can be based on “raw” rates (direct from the MORT, SELECT, WITH or PERSIST assumption files) or “final” rates (after applying any coding adjustments, such as X Factors).

With each Measure run, a control report is produced that shows control totals for the information processed. Amounts processed and rejected due to partitioning, selection criteria or other errors are reported. If “detail” is requested for the Control Reporting Mode, results are shown by Admin Plan Code, as well as in total.

In AnnuityMeasure, HealthMeasure, LifeMeasure and ULMeasure, the Measure Control Reports contain policy counts, coverage counts, face amounts and premiums. For LifeMeasure, PUA and OYT amounts are also shown. If processing dates are used, the study should balance closely with the policy exhibit.

In IncomePayMeasure, the Measure Control Reports summarize annuity counts, number of lives and consideration.