

ACHIEVING OPTIMUM PERFORMANCE IS A FINE BALANCE

AUDIT  FOCUS
RISK UNDERSTOOD



ACHIEVE IT BY SEEING
A CLEAR PICTURE OF
YOUR MORTALITY RISK.

Achieving the optimum balance between risk and reward doesn't happen by accident. Understanding the true mortality risk in your book of new business lets you operate in the sweet spot between moderate and excessive risk. It's a position that provides a distinct advantage in the marketplace.

Along with accumulated expertise, reinsurance executives rely on knowing the assumed levels of mortality risk in their book of business when making decisions. But what if the actual mortality risk differs from a company's desired level of risk tolerance? Audit Focus lets you see and understand mortality risk in ways never before possible. It looks at 100% of the newly issued policies in your portfolio and gives you a quick, clear and current picture of any excess mortality risk, so you can be more confident about business quality.

Imagine quickly knowing the true mortality risk of new business so you can take action and make adjustments now, versus down the road when you get an unexpected deluge of early duration claims. Audit Focus gives reinsurers an unbiased, consistent, quantitative way to look at all new policies across every ceding company so risk managers can quickly and confidently determine the level of mortality risk in their portfolio, which companies are critical to audit, and what policies to look at before going on site. Audit Focus delivers insights that help you leverage future treaty negotiations, more effectively manage vital relationships and let you monitor your business for consistent performance.

THE MYTH OF RANDOM SAMPLING

Simply put, random sampling leaves a lot to be desired. Whether you're auditing a block of 50,000 or 500,000 policies, a traditional audit of 2% does not provide an accurate picture of mortality risk. It's difficult feeling confident about a book of business when 98% of its policies remain unviewed and still may harbor an unexpected level of adverse risk.

EXPECT NOTHING LESS THAN 100%

Audit Focus is the fastest, easiest, most practical way to get a complete and accurate picture of the mortality risk across your entire new business portfolio. It reviews 100% of your newly ceded policies against the MIB database – the largest, most comprehensive medical impairment resource in the industry – and highlights those cases outside of your risk tolerances. Audit Focus lets you see unexpected mortality risk clearly, and helps you view unfavorable risk concentrations that might otherwise go undetected so you can take immediate and appropriate action. It's an indispensable capability for managers who prefer to act quickly, decisively and confidently.



FEAR OF THE UNKNOWN? NOT WITH AUDIT FOCUS

Audit Focus' comprehensive perspective lets you spot mortality risk deep below the surface so you can see, analyze, control and monitor risk more effectively. Its Mortality Risk Assessment Engine harnesses the proven efficacy of the MIB database to identify high-risk cases — those with complex medical profiles that may be underwritten in more than one risk class, and those that may have been issued in a rate class unsupported by the underlying mortality risk.



MACRO TO MICRO: DIG AS DEEP AS YOU WANT

The Audit Focus Portfolio Overview provides an executive summary of the nature and scope of excess mortality risk in an entire portfolio of ceding companies. Its big picture view is suitable for use by senior management and enterprise risk managers in discussions with board level executives. The Portfolio Overview quantifies the frequency and distribution of high-risk cases and identifies impairment prevalence, dollars at risk, and other key metrics. It additionally identifies risk concentrations by ceding company so risk managers can rapidly identify those companies most critical to audit.

Company specific spreadsheet reports let auditors drill down to the individual policy level to quickly focus on the most significant risk anomalies.

Monitor key metrics including high-risk by risk class, age band, face amount and others.

THE PORTFOLIO OVERVIEW

This report of commentary, charts and graphs guides you through your most significant Audit Focus findings. Details include:

- the frequency and distribution of high-risk cases
- areas of risk concentration
- impairment prevalence
- the distribution of dollars at risk
- high-risk cases indexed by ceding company

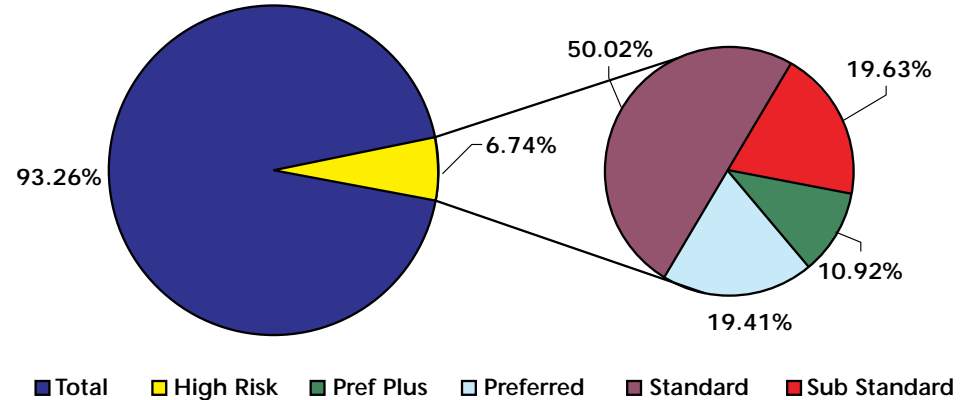
Additional diagnostics are available.

YOUR MOST CRITICAL INFORMATION FAST

Spreadsheet reports let you rapidly drill down to the policy level in each ceding company. View risk concentrations within each ceding company by variables such as:

- Risk Class
- Age
- Face Amount
- Gender
- Product Type
- Smoking Status
- Place of Residence
- Distribution Channel
- Reinsurance Type
- Others of your choosing

	Preferred Plus	Preferred	Standard	Substandard	Totals
High-Risk Count	2,110	3,750	9,660	3,790	19,310
High-Risk Rate	4.25	5.31	7.51	10.17	6.75
Percent High-Risk	10.93	19.42	50.03	19.63	100.00
Total Policies	49,640	70,620	128,680	37,270	286,210



Prepared for ABC Reinsurance Company

Policy Number	Last Name	First Name	MI	Gender	Date of Birth	Issue Age	Risk Class	Face Amount	Smoking Status	Decision Filter	Impairment	Reporting Company	Rank
336770	Smith	John	C	M	9/28/51	53	Preferred	\$750,000	N		261AIU	Company 1	1
336770	Smith	John	C	M	9/28/51	53	Preferred	\$750,000	N		339OA	Other	1
336770	Smith	John	C	M	9/28/51	53	Preferred	\$750,000	N		557VOI	Company 1	1
435450	Jones	Sue	F	F	11/21/29	75	Preferred	\$300,000	N	X	414AVA	Company 1	2
435450	Jones	Sue	F	F	11/21/29	75	Preferred	\$300,000	N		319UIV	Company 1	2
435450	Jones	Sue	F	F	11/21/29	75	Preferred	\$300,000	N	X	278IO	Company 1	2
459650	Jackson	Mark	I	M	11/5/55	49	Substandard	\$500,000	S		414AVA	Company 1	3
459650	Jackson	Mark	I	M	11/5/55	49	Substandard	\$500,000	S		207O	Company 1	3
459650	Jackson	Mark	I	M	11/5/55	49	Substandard	\$500,000	S		244IU	Company 1	3
459650	Jackson	Mark	I	M	11/5/55	49	Substandard	\$500,000	S		261AIO	Company 1	3
459650	Jackson	Mark	I	M	11/5/55	49	Substandard	\$500,000	S		278VIU	Company 1	3
459650	Jackson	Mark	I	M	11/5/55	49	Substandard	\$500,000	S		644UV	Other	3
459650	Jackson	Mark	I	M	11/5/55	49	Substandard	\$500,000	S		979OU	Other	3

Company 1 Company 2 Company 3 Company 4 Company 5 Company 1 Detail

Case level detail prioritizes high-risk cases for each ceding company.

AUDIT  FOCUS
RISK UNDERSTOOD

MIB Group Inc.'s member life insurance companies use Audit Focus for underwriting risk management purposes and not to determine eligibility for insurance. Audit Focus reports contain personally identifiable information derived from the member company that is matched to records in the MIB database only when the member certifies that its insureds have signed valid and effective MIB authorizations. Through its long-standing General Rules and Enterprise Information Security Program, MIB protects and safeguards consumer information in conformity with applicable state and federal laws, including the federal Fair Credit Reporting Act, Gramm-Leach-Bliley Act, and the Canadian Personal Information Protection and Electronic Documents Act.



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Choose audits based on the percent of high-risk cases by ceding company.

TRACK TRENDS TO MONITOR PERFORMANCE, NOW AND OVER TIME

Audit Focus reports provide metrics within a single engagement to compare the performance of each ceding company.

And Audit Focus provides an unbiased, consistent, quantitative metric that lets you compare results over time to monitor how well performance meets your standards.

Company	Total Policies (Count)	Total Policies (Average Face Amount)	High-Risk (Average Face Amount)	High Risk (Count)	High Risk (% of Risk Class)
A	1,413	306,864	425,927	134	9.48
P	1,946	308,705	395,759	128	6.58
C	2,114	217,638	303,677	192	9.08
K	2,252	394,003	392,426	189	8.39
I	3,007	337,704	334,326	179	5.95
Q	3,368	333,199	372,294	114	3.38
D	4,140	338,636	380,852	125	3.02
N	4,142	260,313	287,559	245	5.92
H	4,415	310,371	306,232	317	7.18
O	4,620	263,995	315,914	308	6.67
R	4,808	240,698	270,705	211	4.39
B	6,730	386,987	350,610	760	11.29
J	6,985	422,811	464,528	615	8.80
T	8,118	349,006	446,727	778	9.58
L	9,669	180,705	207,449	1,050	10.86
M	11,721	396,599	512,934	1,019	8.69
E	15,963	367,023	471,012	1,390	8.71
G	16,730	259,901	341,336	638	3.81
F	22,407	213,342	263,832	1,466	6.54
U	23,054	178,296	232,379	1,337	5.80
S	31,251	347,992	382,791	1,556	4.98
W	43,145	363,740	468,982	2,690	6.23
V	54,211	332,051	349,317	3,869	7.14

CUSTOM DECISION FILTERS LET YOU DECIDE WHAT'S IMPORTANT

As a reinsurer, there are certain medical conditions that exceed your level of acceptable mortality risk in each risk class. Audit Focus' custom decision filters let you flag those MIB codes, that based on your approved underwriting guidelines, would exclude a case from a specific risk class so these cases can be immediately and easily identified. Another filter lets you eliminate those MIB codes that you feel have a benign impact on mortality.

Custom decision filters improve results relevancy and afford you quicker access to the information you need.

CONFIDENCE TO TAKE YOUR BUSINESS FURTHER

Audit Focus was developed by MIB, who for more than a century has been the premier provider of fraud detection information for individually underwritten life, health, disability, long-term care and critical illness insurance¹. For more than two decades, the Society of Actuaries has relied on MIB to provide actuarial analytics for an industry-wide perspective on mortality and experience studies².

Estimating mortality risk will always be challenging. Which is all the more reason to use the most advanced risk management tool available. Audit Focus relieves a great deal of the uncertainty inherent in managing risk, and lets you know whether the mortality risk you have is the risk you expected.

For complete information on Audit Focus call 781.751.6330 or visit mib.com/auditfocus.

¹ Provided by MIB, Inc.
² Provided by MIB Solutions, Inc.