

Revised MBA life insurance policies



Myra Warren

The Mutual Benefit Association has recently revised the life insurance products offered to NALC members and their families.

Life expectancy rates, which govern the life insurance industry, are reviewed and revised every 15 to 25 years. These rates typically improve over time, as people are generally living longer. Regulations require that the accounting liabilities that are developed to support new life insurance plans use the most current life expectancy rates.

Life insurance companies rely on these Commissioners Standard Ordinary (CSO) mortality tables, which serve as the basis of their products. The 2017 CSO is available for life insurance products beginning Jan. 1, 2017, but its use is mandatory for all life insurance companies by Jan. 1, 2020. MBA has updated its life insurance products to conform to the 2017 CSO with new policies that are issued effective Sept. 1, 2017.

The last time MBA's life insurance products were revised and repriced was around 2006/2007. Much has changed in the economic landscape since that time: Investment yields have fallen and stayed low, and expenses and costs of operations of the MBA have run higher. Therefore, the pricing assumptions that led to the development of the premium and dividend rates offered by the prior products are no longer supportable.

In other words, for MBA to offer products that adequately cover its expenses and benefit obligations, while still contributing to the ongoing growth and solvency of the organization, a change needed to be made. This meant that both premiums and dividends related to the new products needed to be recalibrated. Since the regulatory change was requiring the use of the 2017 CSO mortality tables with new state insurance department filings, the MBA decided to address these concerns at one time, minimizing both the cost and paperwork related to the task.

As part of this revision, the MBA Life Paid-Up at Age 90 Whole Life Insurance product has been replaced in the portfolio by MBA Whole Life Insurance. This change in product design (i.e., premium payments for the life of the plan as opposed to being paid up at age 90) allows for lower/more affordable premium rates over the payment span of the plan. In addition to the premium rate change, the MBA Whole Life Insurance product allows insurance for NALC members and their families up to age 90. This increase

in available issue age is especially beneficial for retired NALC members or members seeking to insure their parents.

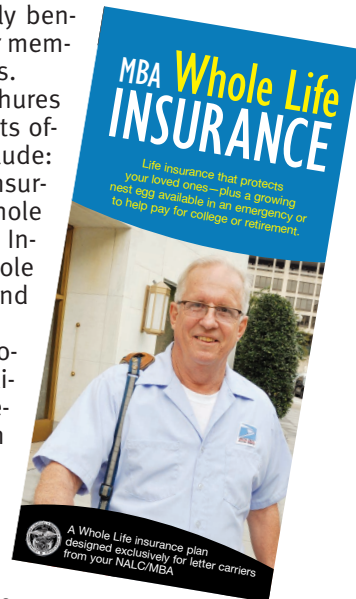
The MBA has designed new brochures for all of the life insurance products offered as of Sept. 1, 2017. They include: MBA Whole Life, MBA Whole Life Insurance Paid Up in 20 Years, MBA Whole Life Insurance Paid Up at Age 65, Independence (Single Premium) Whole Life, and MBA 10-Year Renewable and Convertible Term Life Insurance.

In addition to the policies and brochures, MBA has revised its applications for these products. One revised life insurance application can be used for the following individuals: NALC member, spouse, children, step-children, grandchildren, step-grandchildren, great-grandchildren and step-great-grandchildren. A separate life insurance application will be used for the parent of the NALC member.

The revised brochures and applications have been distributed to NALC branch presidents and MBA representatives. They are also available on the website at nalc.org/mba, or you may call the MBA office at 202-638-4318, 8 a.m. to 3:30 p.m. EST. All old brochures and applications should be discarded, as they will not be accepted beginning Sept. 1, 2017.

The goal of the MBA remains what it has always been: being able to offer members and their families affordable financial and contingency planning options, providing security during the times they need it most.

Note: *There are no changes to the MBA Retirement Savings Plan, CCA Retirement Savings Plan or the Hospital Plus Policies, or their related brochures and applications.*



United States Letter Carriers Mutual Benefit Association (MBA)

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