

Using New Data For Mortality Management

Agenda

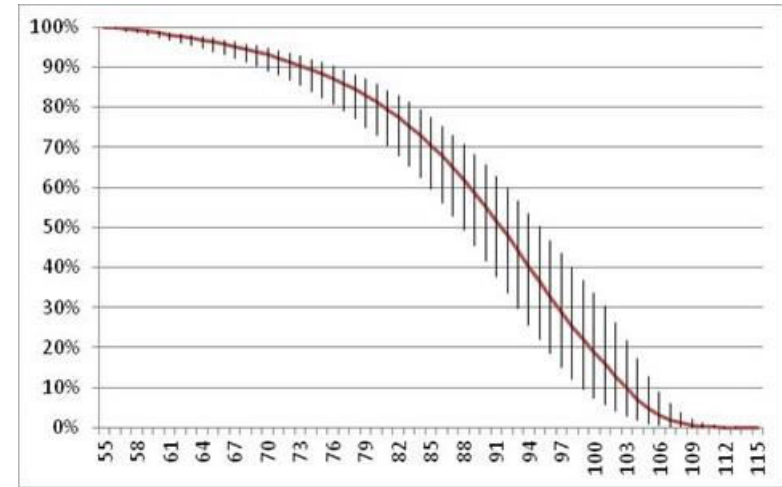
- Relevance of mortality
- Existing methods
 - Challenges
- New methods
 - Case studies
 - Changes ~ 10%
- Future scenarios
- Summary

Expert risk & health services for Life & Pension industries

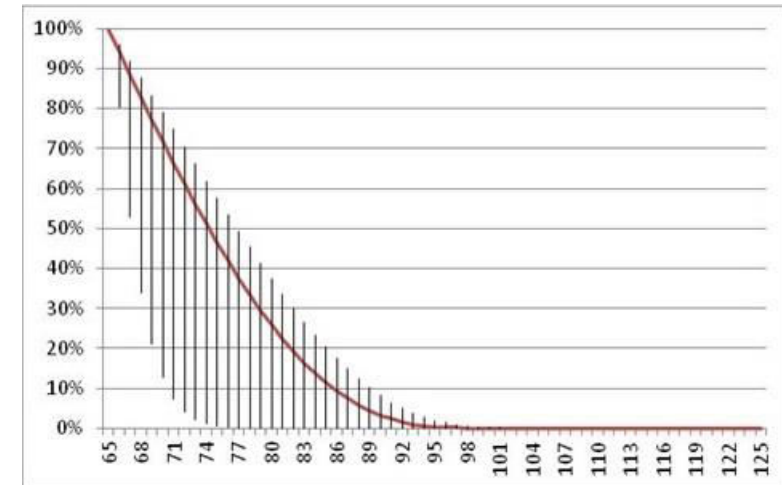


Mortality – why bother?

- Future value dependant on how long scheme members will live
- Accumulation to de-accumulation
- Low interest rates
- Buy In's, top slicing, DB transfers changing mortality pool
- Implications to strategy



Female
55
Good
health



Male
65
Poor
health

Traditional methods?

- Use limited data set
 - Age, gender, Postcode, £
 - Extensive modelling
- But
 - Based on historic data
 - Variances between models
 - Doesn't work for
 - Small numbers, concentration risk
 - No marital status, differred's



“CMI is not a crystal ball”

Amy Kessler –
Head of Longevity
Risk Transfer -
Prudential

- Assumptions
 - Individual scheme relates to the norm
 - Health dependant on postcode

New

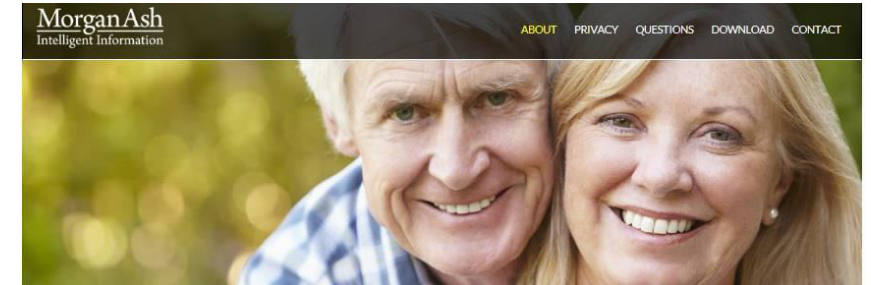
MUMS - Medically Underwritten Mortality Study

MUBA - Medically Underwritten Bulk Annuity

- Uses additional data
 - Uses **current** health status
 - Uses **individual** medical underwriting to predict life expectancy
- Scheme liability = sum of individual life expectancy * individual liability
- Actual data better than postcode approximation



MUMS/MUBA - How it works



Pension performance research

To assist the management of the Hogg Robinson (1987) Pension Scheme

Independent, confidential research - to help us better manage pensions for both you and your old colleagues.



Find out more, in a couple of minutes by watching this video

ABOUT THIS RESEARCH

We have been asked by HRG and the Pension Trustees to gather some information from you and your fellow pension scheme members. The information you provide will help all parties have a greater understanding of how much money the Scheme needs to pay future pensions. The Trustees would therefore really appreciate your assistance.

www.morganash.com/pension/muba

Case study



- Publishing company – “The Scotsman”
- Scheme £500M
- Deficit £100M
- No. of pensioners targeted 550
- Result
 - Revaluation £450M
 - Change **£50M**

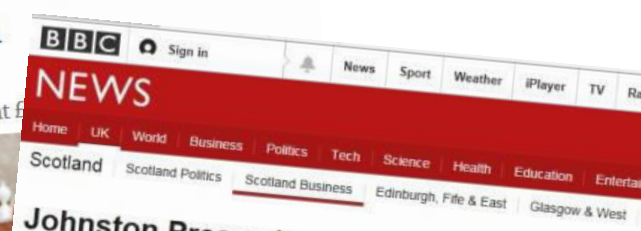


Johnston Press reduces its pension scheme deficit by £50m

Regional newspaper publisher's liability stood at £500m



Ashley Highfield, Johnston Press chief executive, plans to reduce the deficit by £50m



Johnston Press shares rise on pension deficit cut news



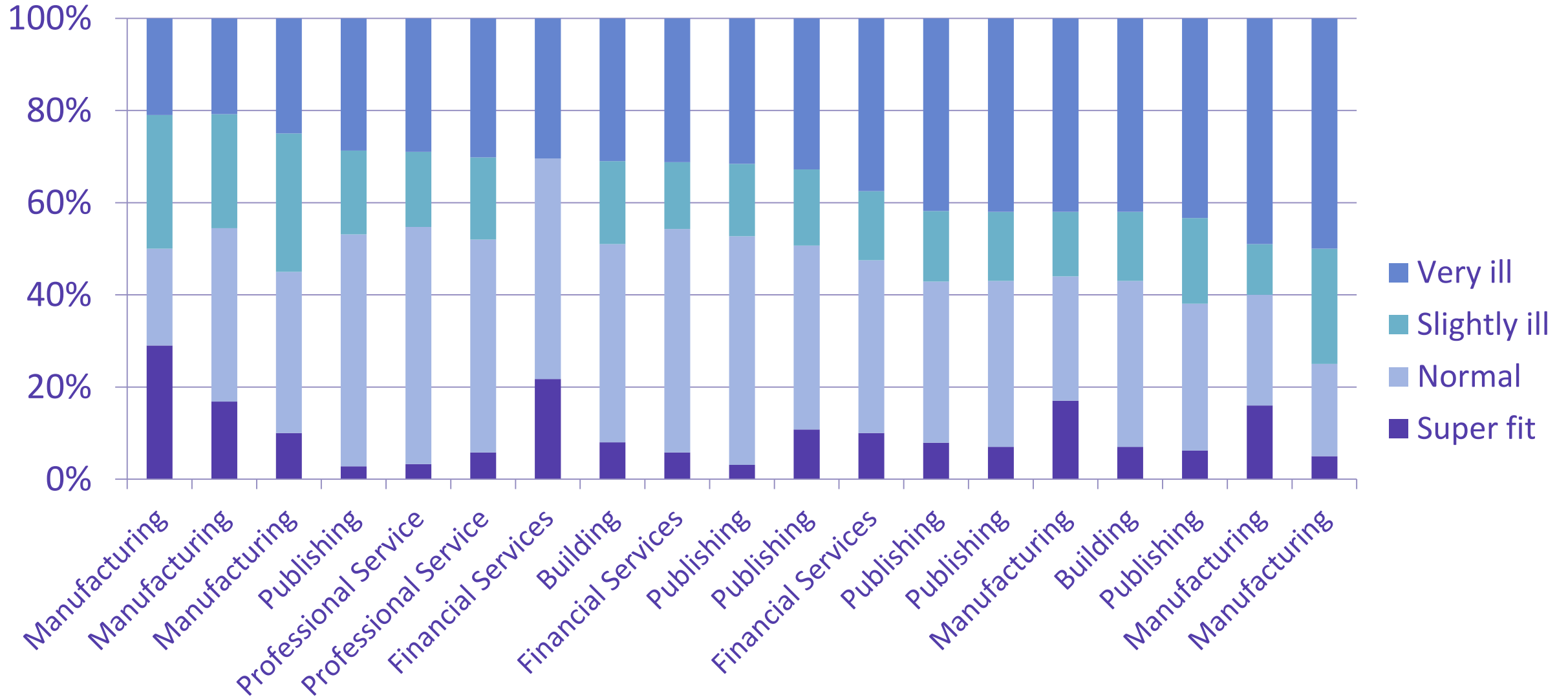
Shares in publisher Johnston Press rose by more than 10% on Wednesday after it said it expected a major reduction in its pension scheme deficit. Johnston said the findings of a report by accountants PwC that the deficit had fallen from £500m to £450m.

Privacy - GDPR

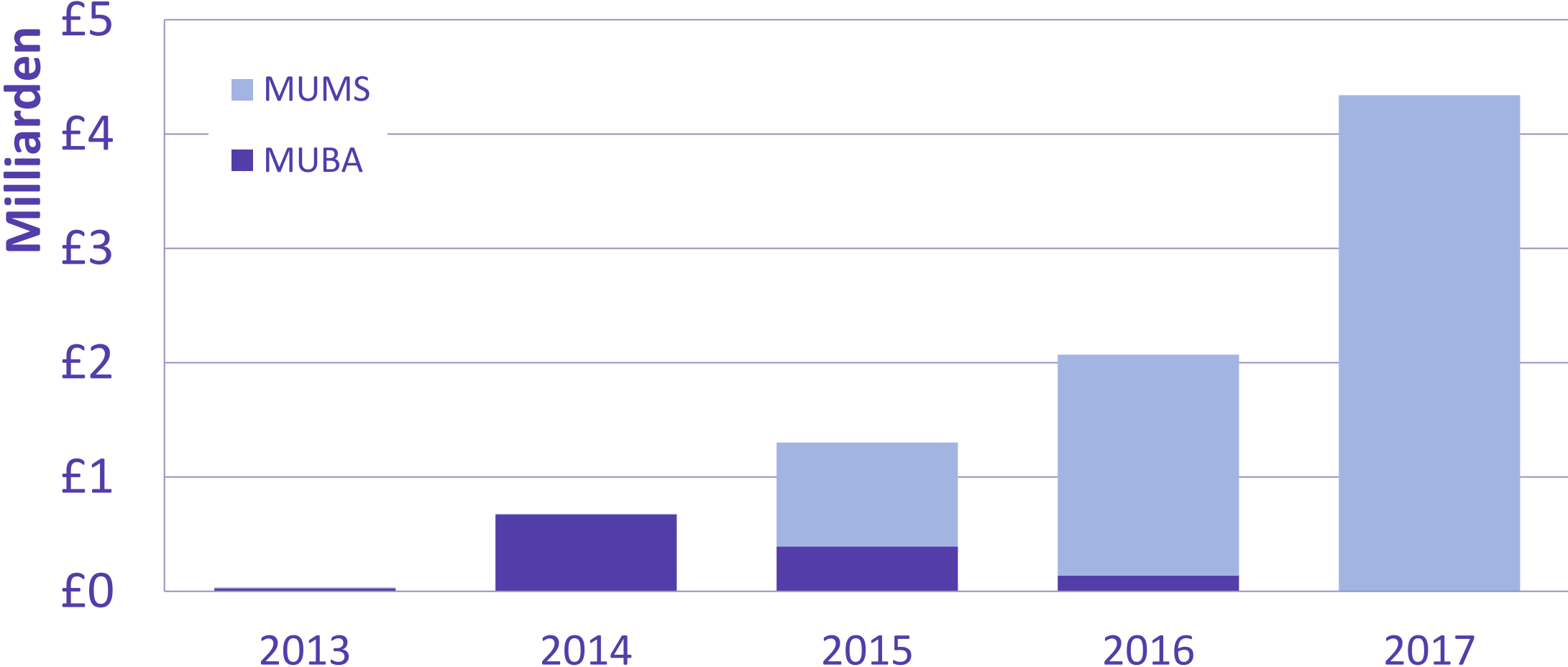
- Obtain individual consent
- 60% voluntary participation
- IT systems keep data secure
- Data belongs to the consumer
- Trend is to share data



MUMS results across Schemes



MorganAsh - growth of Medical Underwriting in DB pensions



Future – more data

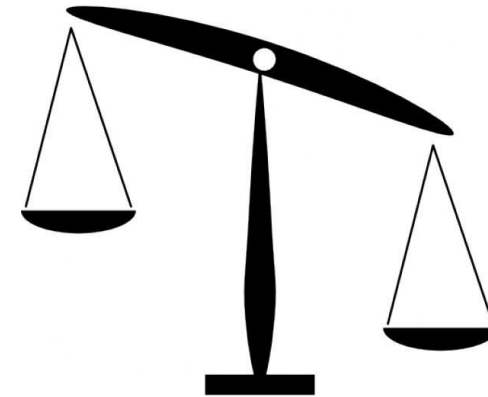
- IOT – Internet of Things
- Dramatic increase in monitoring devices – especially elderly
- Consumers empowered to manage own health
- Engagement with scheme members encouraged



Future – Opportunity & threats

- Pension freedoms
 - Consumer in charge
- Consumer may know more about life expectancy than trustees?
 - Prospect of selective transfers
 - Scheme left with the healthy
- Opportunity to use data for Trustees
- Risk if data not used
- Data availability faster than evolution of models

- TPR – calls for more evidence based
 - Less assumptions
- IFoA – working group



Comparison of approaches

	SAPS Postcode models	Experience data	MUMS	Future?
Based on large numbers	✓	✗ ?	✗	? ✓
Forward Looking	Backwards	Current	Current & Forward	Forward Genetics
Scheme specific	✗	✓	✓	✓
Spouse data	Scheme member only	Both	Both	✓
Scope	Some only pensioners	All	All, Sample	✓

•A combination of approaches should give a balanced view

Summary

- Mortality becoming more important
- Use data not assumptions
- A new approach - MUMS
- Consumer in charge of data
- Future
 - Likely more data available
 - Opportunity & threat

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