



Mortality and net tariffs in Norway

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FINANSNÆRINGENS HOVEDORGANISASJON

Næringsorganisasjon for bank og forsikring

Containing

- Life expectations in Norway

The big picture, projections, differences between men and women, other parameters to use in the tariff than sex

- Mortality among insured

Lines of business

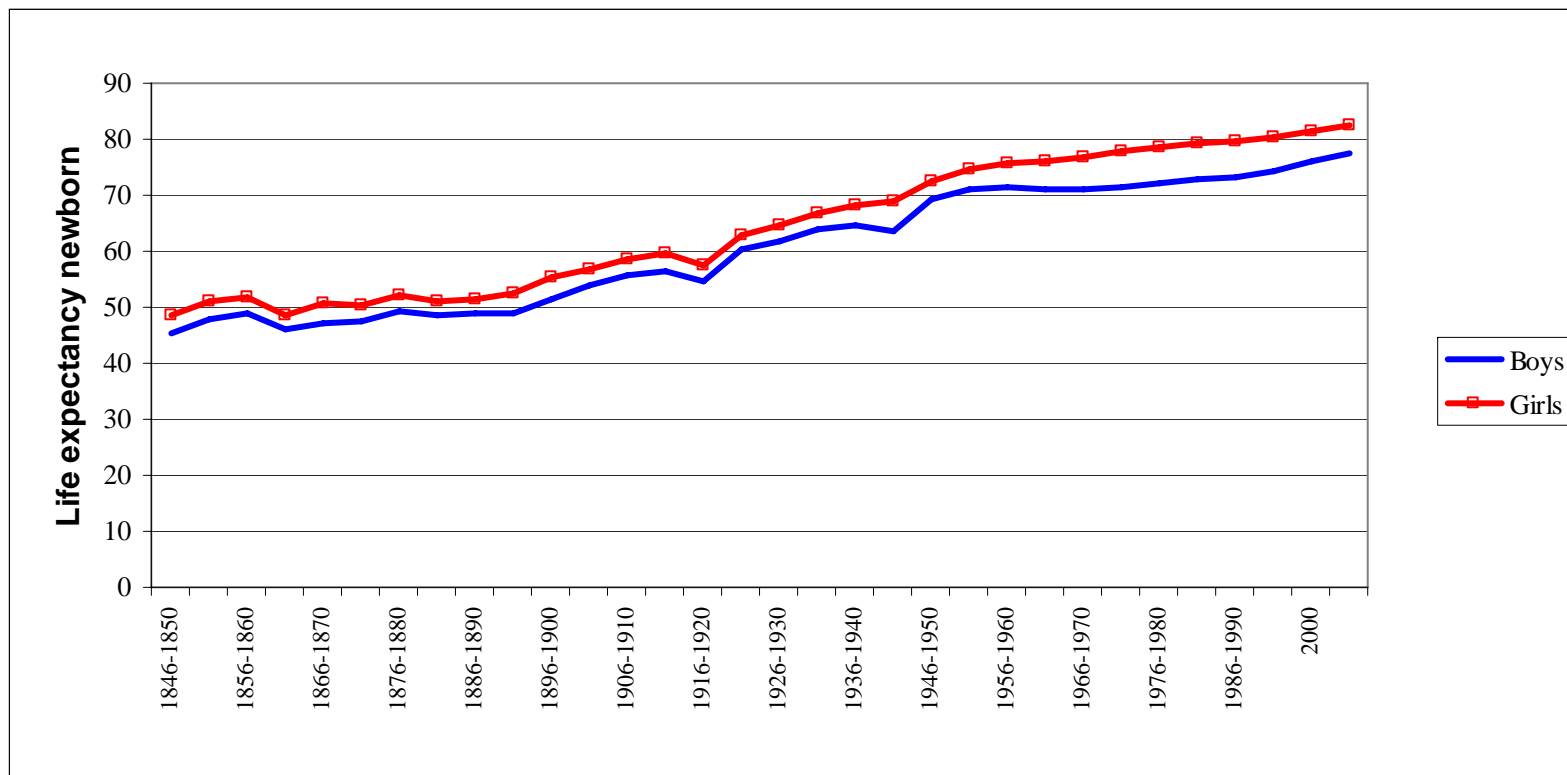
- New net tariff for defined benefit schemes

The need, data, projections

- Other elements in the net tariff

Life expectations in Norway

- the big picture



Source: SSb and FNH

Life expectations in Norway

- projections

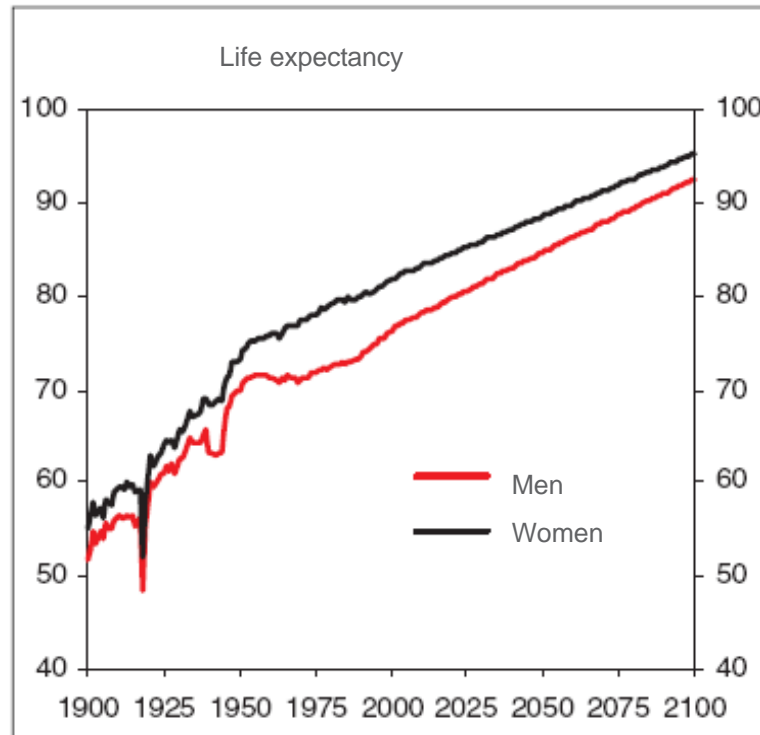


Figure 3.4 Expected age at death 1900-2100.

Registered and projected

Source: NOU 2004:1 Statistics Norway

Life expectations in Norway

- projections – cont.

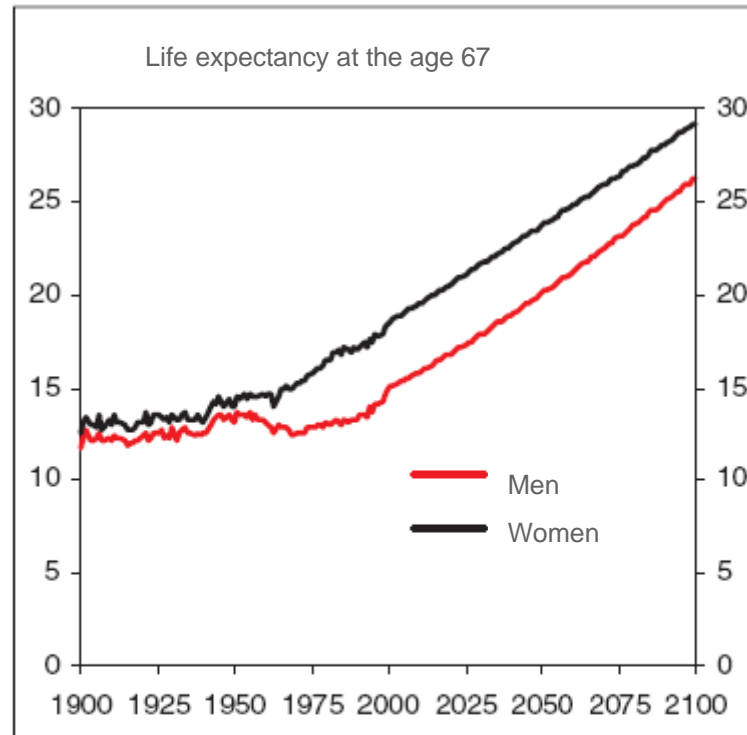


Figure 3.4 Expected age at death at age 67 1900-2100.

Registered and projected

Source: NOU 2004:1 Statistics Norway

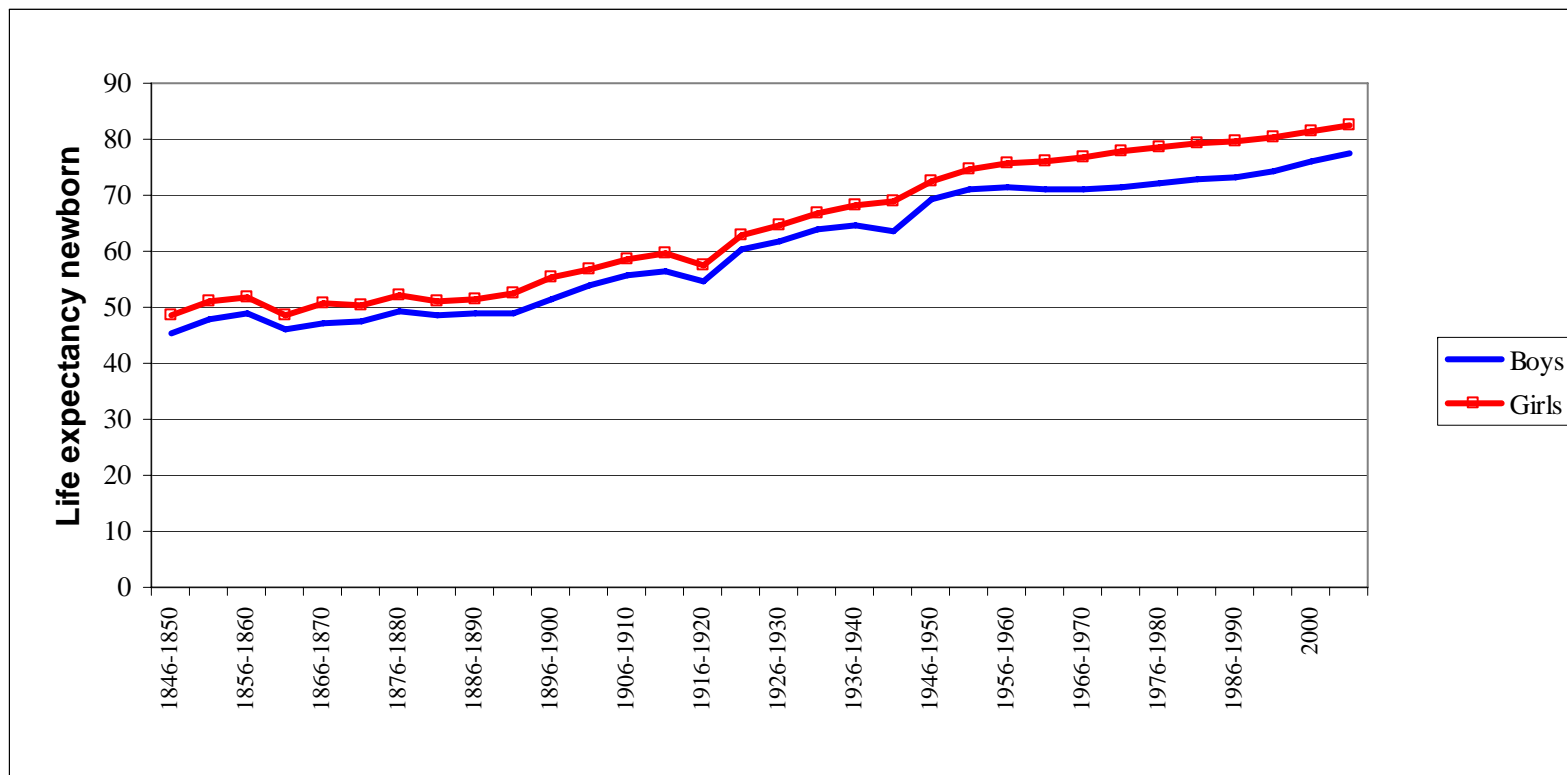
Life expectations in Norway

- differences between men and women

- EU's gender directive (equal treatment between men and woman)
 - Does include insurance
 - Does not include occupational schemes
- The directive should be implementet at latest 21.12.07
- It is possible to inform the EU Commission that the country will allow the use of sex as a factor when calculating premiums and benefits
- The differenses between men and women must be "proved"
- It is not decided if the EØS countries have to implement the directive – close attention to other countries

Life expectations in Norway

- differences between men and women – cont.



Source: SSb and FNH

Life expectations in Norway

- differences between men and women – cont.

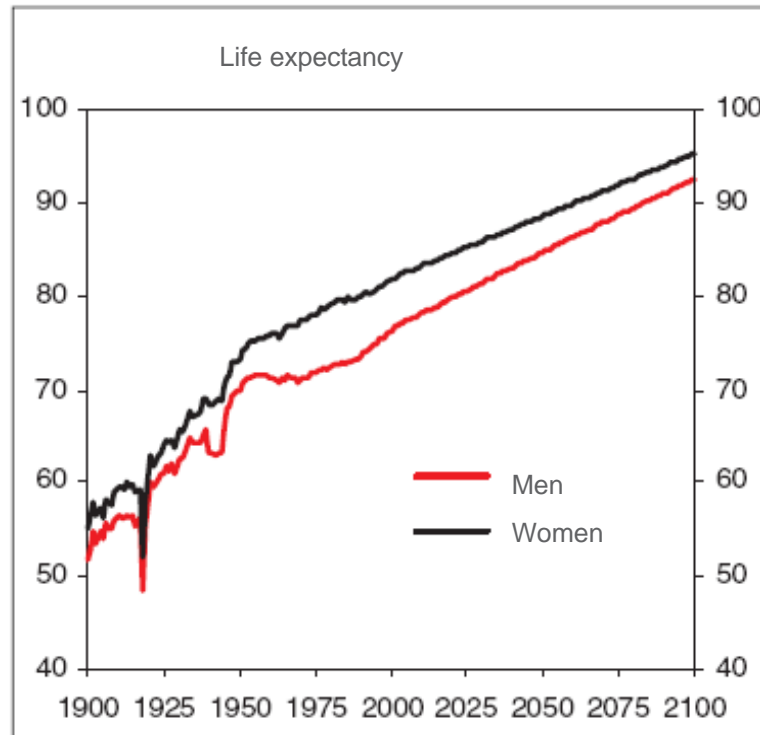


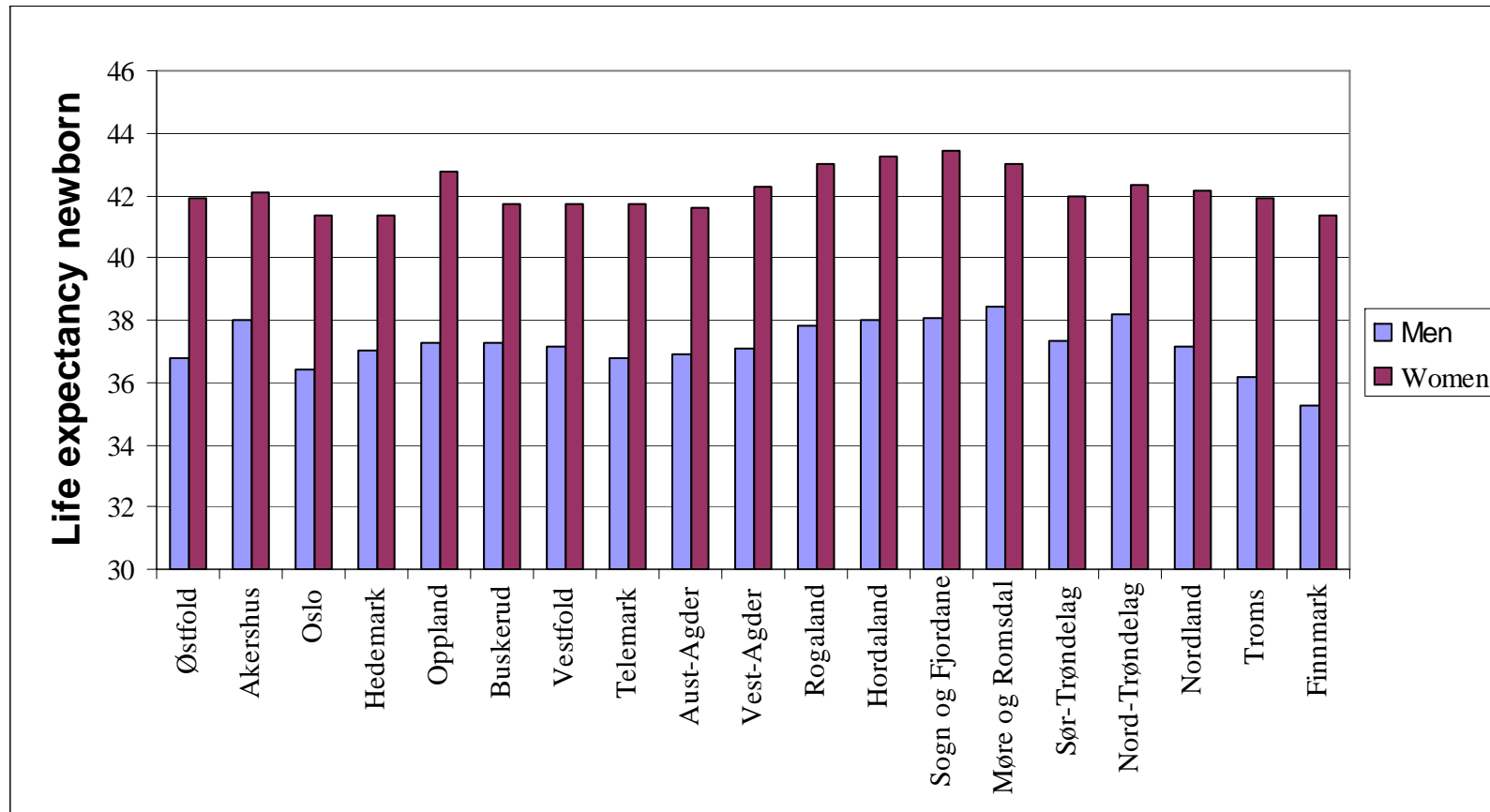
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Registered and projected

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Life expectations in Norway

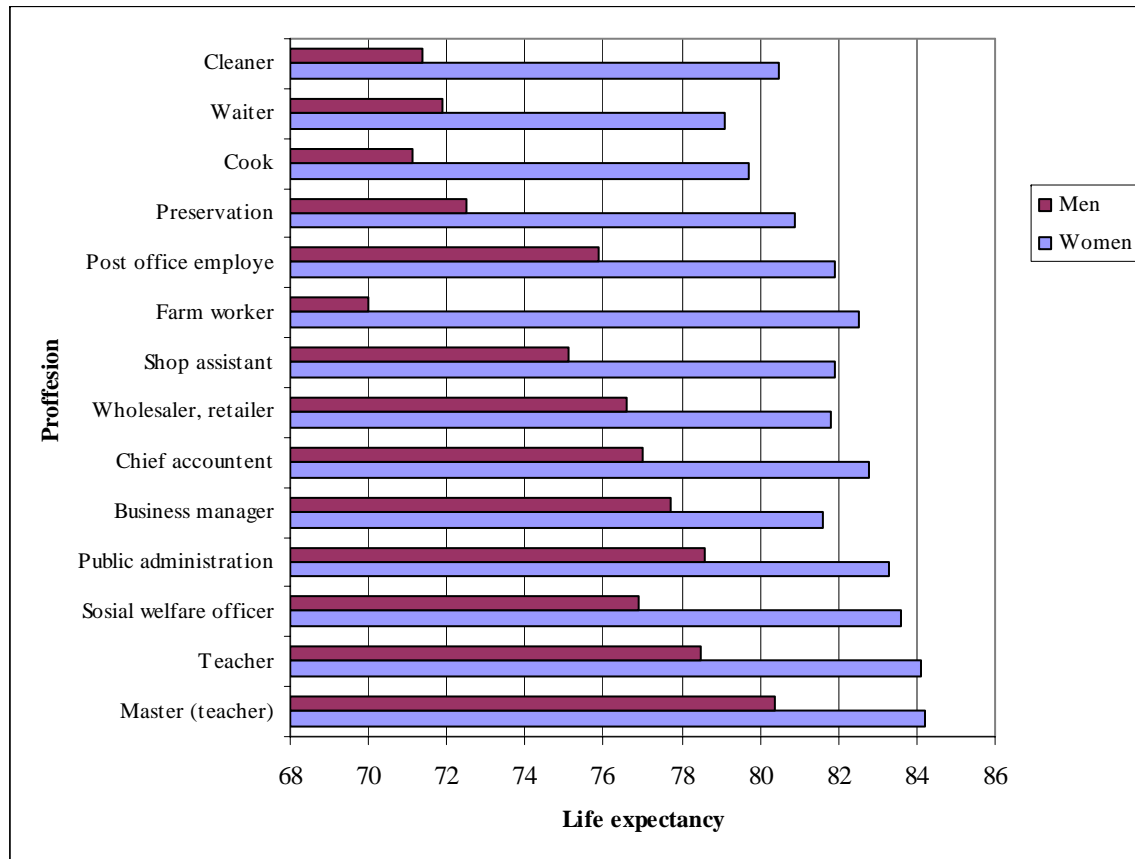
- other parameters to use in the tariff than sex
- county



Source: SSB

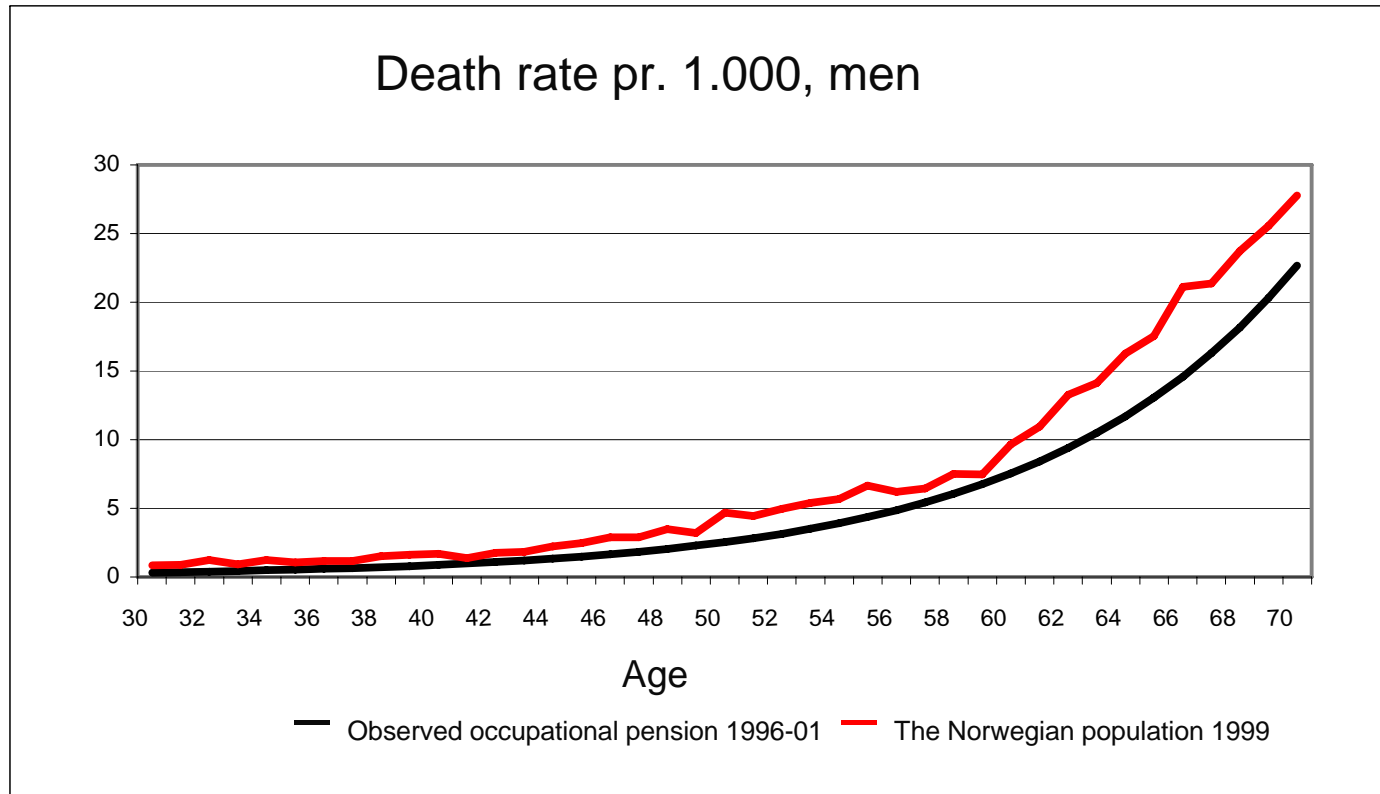
Life expectations in Norway

- other parameters to use in the tariff than sex
- profession



Source: SSb

Mortality among insured



Source: SSb and FNH

Mortality among insured

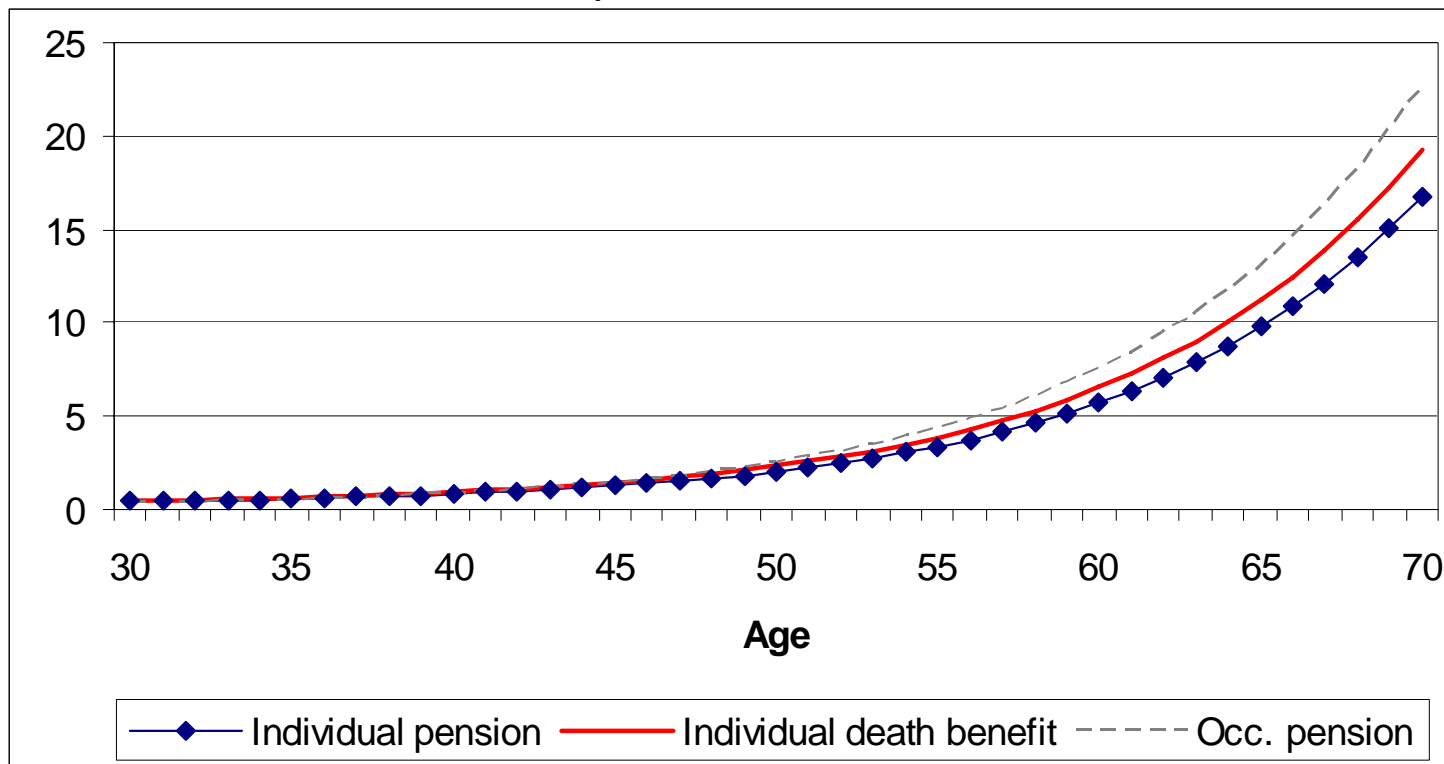
- lines of business

- Occupational pension schemes
- Individual pension
- Individual death benefit
- Group death benefit

Mortality among insured

- lines of business – cont.

Death rate pr. 1.000, men



Source: FNH

New net tariff for defined benefit schemes

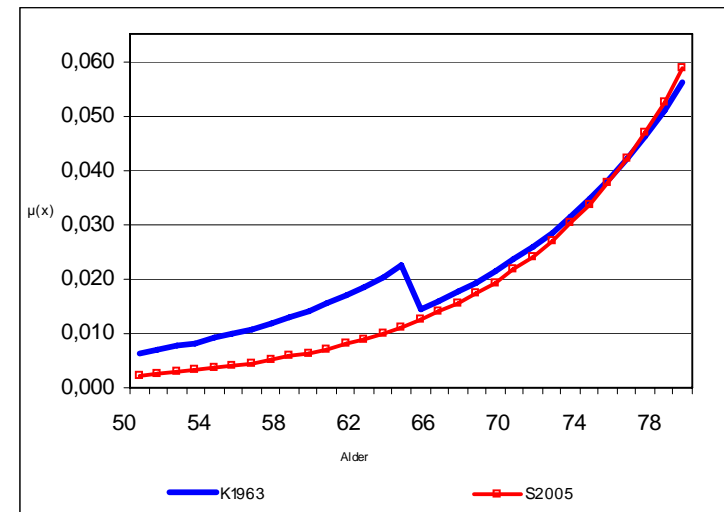
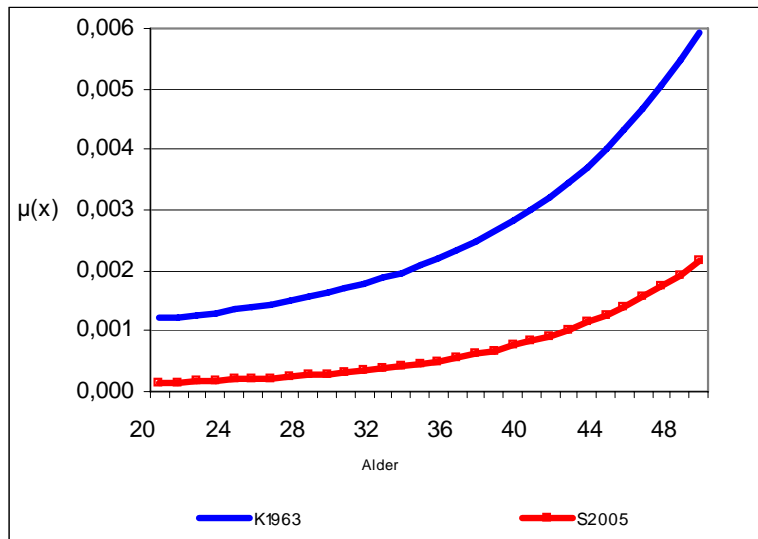
- the need

- The insured live longer, the tariff is no longer strong enough
- The spouse pension have large surplus
- K1963 has been sufficient when a spouse pension have been connected with the old age pension, this will change in the future if the tariff is not changed
- Many companies drop the spouse pension
- New insurance law says that each benefit should have its own tariff , the tariff K1963 for old age pension for men assumes that there also is a connected spouse pension

New net tariff for defined benefit schemes

- data

Men

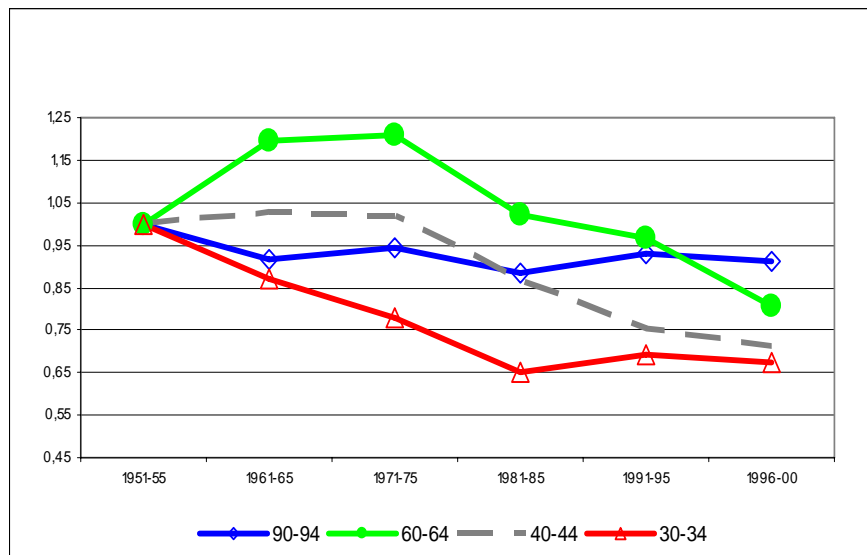


Source: FNH

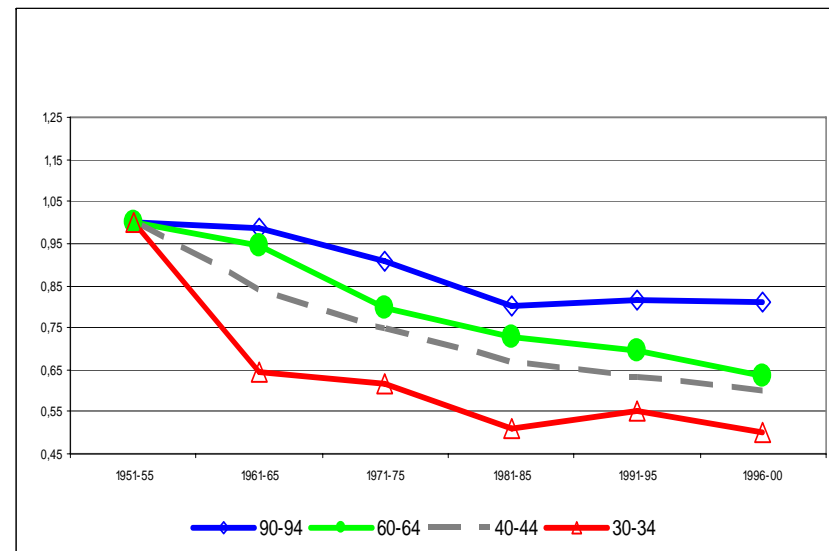
New net tariff for defined benefit schemes - projections

Death rates in percent of death rate in 1951, Norwegian population

Men

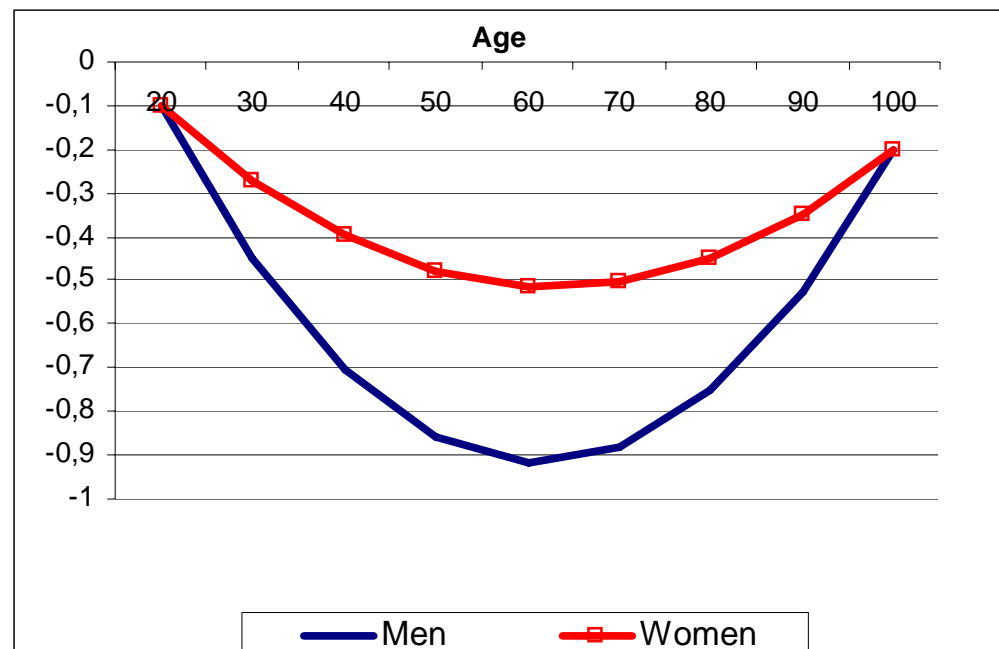


Women



New net tariff for defined benefit schemes - projections – cont.

Finding a smooth curve for expected changes



New net tariff for defined benefit schemes - projections – cont.

- Static or dynamic death rates
- For how many years should the projections go
- How expensive will the tariff be
- How often should the tariff be considered
- Resent development
- Experiences from the insurance industry – the mortality is lower amongst those with the highest wages?

New net tariff for defined benefit schemes

- EU-rules

- Treaty (358/2003) says the insurance sector can cooperate with respect to establishment of risk premium tariffs
- The tariffs have to be net tariffs, not containing elements of costs or margins of security
- The tariffs have to be non-binding
- The tariffs must be available to any insurance undertakings on reasonable terms
- The tariff K2005 must be bought

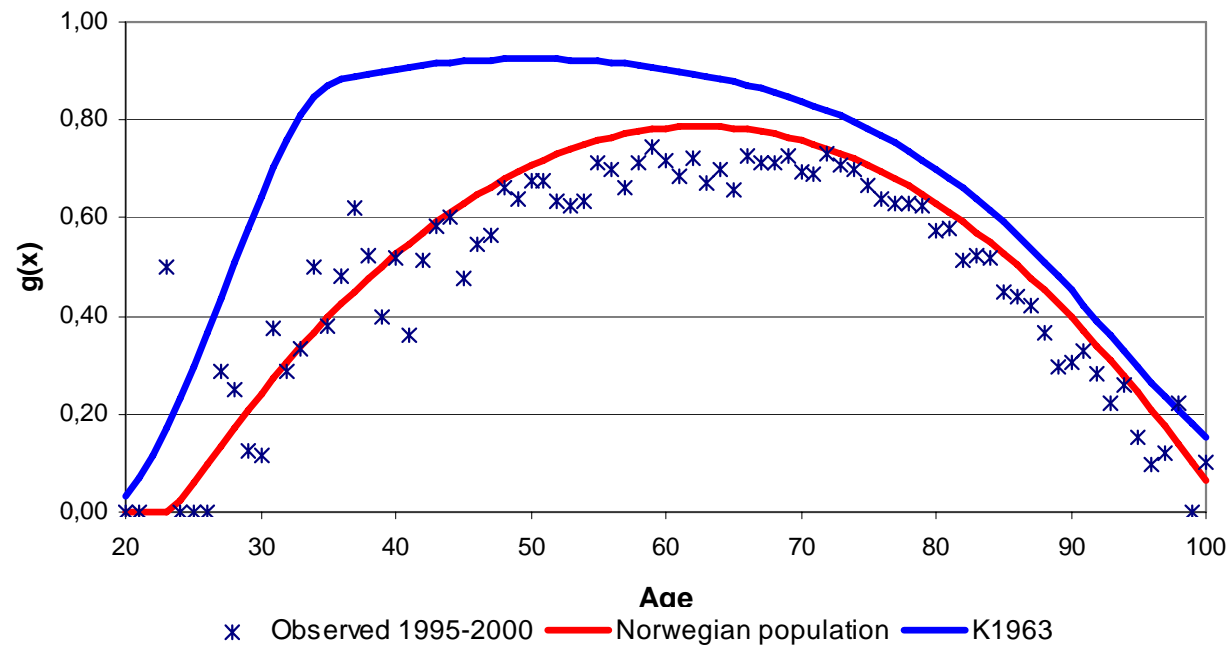
Other elements in the net tariff

- Probability of being married at time of death
- Spouse's age
- Cohabitant at time of death
- Age of the cohabitant
- Number of children at time of death
- Age of the children at time of death

Other elements in the net tariff

- spouse

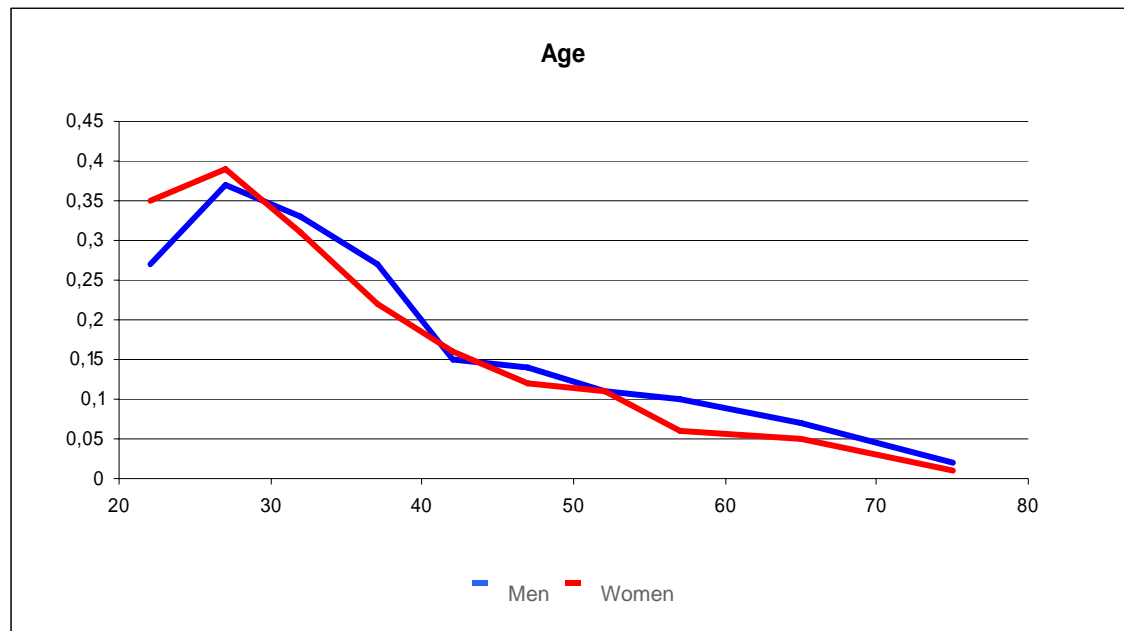
Probability of being married at time of death - men



Other elements in the net tariff

- cohabitant

Chare of the Norwegian population who have a cohabitant (not wife/husband)



Source: SSb

Thank You for Your attention !

