

Minutes of Meeting

IAA Mortality Working Group
Minutes of Meeting May 24 & 25 2012
Los Angeles, USA

Members Present	Martin Stevenson – Chairperson William R Horbatt – Co Vice Chairperson Henk van Broekhoven – Co Vice Chairperson Erik T Alm Bridget Browne Michael Eves Dieter S Gaubatz Allen M Klein Paul Lewis Mika Mäkinen Darko Medved Taisuke Nishimura Ksenia Novikova Ermanno Pitacco Thierry Poincelin Lars Pralle Brian Ridsdale Marc Tardif
Apologies	John Stephen Armstrong Chresten Dengsøe Dov Raphael Luis Maria Sáez de Jáuregui Sanz Paul John Sweeting Thomas S Terry Benoit Laurent Yerna Peter Ying Zhaolan Zhan
Invited Guest Observers Present	Krzysztof Ostaszewski – Geneva Association Chih-Hua Chiao, Actuarial Institute of Chinese Taipei Ricardo Frischtak, Instituto Brasileiro de Atuária (IBA) Emily K Kessler, Society of Actuaries Vladimir Novikov, Russian Guild of Actuaries Jean-Claude Ménard, Canadian Institute of Actuaries Adam Reese, Conference of Consulting Actuaries Morten Harbitz, Den Norske Aktuarforening

1. The Chairman welcomed all members and observers present.

2. Minutes of previous meeting

The [minutes of the previous meetings in Zagreb](#) Croatia were accepted. The members requested that for future meetings, the apologies should separately indicate apologies and absences from all members of the Working Group that were not in attendance.

3. Report on the next stage of development task force

A task force comprising Henk van Broekhoven, Dieter Gaubatz, Paul Lewis, Al Klein and Martin Stevenson (Chair) reported on the Terms of Reference and Operational Plan.

It was noted that the Terms of Reference and the activities of the Mortality Working Group were consistent with the objectives of the IAA. The Chairman had previously corresponded with the Secretariat on this issue and this correspondence is to be circulated to the Group.

After discussion, some amendments were made to the [Terms of Reference](#) and [Operational Plan](#). The Chairman will separately circulate these documents for approval by the Group.

One of the key recommendations of the Operational Plan was the formation of the Issues Advisory Group (IAG). The meeting accepted the recommendations in the Operational Plan, and Al Klein was voted Chairman of the Group. Bridget Browne and Paul Lewis agreed to be members of the IAG, leaving one vacancy to be filled.

A vote was held on a topic to be researched for the next meeting. The potential topics put forward were:

- Projection techniques
- Comparative country mortality and improvements using the HMD
- Expectation of life
- Cause of death
- Unisex experience in Europe

The topic that received the most votes was comparative country mortality and improvement using the HMD. Bridget Browne volunteered to lead the research with Henk van Broekhoven being involved.

4. Country reports

The following country reports were provided:

[Australia](#)
[Belgium](#)

Bridget Browne
Benoit-Laurent Yerna*

Canada	Marc Tardif
China	Zhaolan Zhan*
Denmark	Chresten Dengsøe*
France	Thierry Poincelin
Germany	Lars Pralle
Israel	Dov Raphael*
Italy	Ermanno Pitacco
Japan	Taisuke Nishimura
Netherlands	Henk Van Broekhoven
Russia	Ksenia Novikova
Slovenia	Darko Medved
South Africa	Paul Lewis
Sweden	Erik Alm
Switzerland	Michael Eves
Taiwan	Peter Ying*
United Kingdom	Brian Ridsdale
United States	Dieter Gaubatz

* Not in attendance at the meeting.

The efforts of all who had contributed to the country reports were appreciated.

It was agreed that there was no need in the future for a country report to be provided unless there had been developments from the previous report of that country.

Paul Lewis agreed to prepare a standard template for country reports in time for the next meetings in Nassau. Marc Tardif agreed to provide support.

It was agreed that at some stage it would be useful to collate some of the themes of the country reports, such as:

- Age of Social Security entitlement and whether this age was indexed with increasing life expectancy;
- Standard mortality assumptions for life office valuations;
- Standard mortality assumptions for pension valuations;
- Recent studies in each country;
- Improvements in longevity;
- Gender differences;
- Projection / graduation methods.

5. Update on SoA's Table manager

Dieter Gaubatz provided an update on SoA's [Table Manager](#). The original medium term goals for updating the Mortality and Other Rates Tables functionality have been achieved, and this item will not be carried forward to future meetings.

6. Recent mortality experience of young pensioners

A recent study of US pensioners under the age of 65 had revealed mortality rules in excess of 130% of expected. Was this a sign that obesity was having an effect on mortality rates? In the discussion it was considered that the likely reason was this subset of the pensioner population was probably a select group that was likely to incur higher mortality (the very fact that they were not in the workforce was a sign of less healthy lives).

7. Involvement of Mortality Working Group in future seminars

The Society of Actuaries held a seminar on “A World of Mortality Issues and Insights”, and the MWG was well represented amongst the speakers. The reaction to the seminar by attendees was predominantly positive.

It was agreed that it was appropriate for the MWG to be involved in similar seminars in the future if the opportunities arose; particularly as these activities are consistent with our Terms of Reference.

Bill Horbatt agreed to find out what the arrangements might be for the CAA meetings in Nassau.

Henk van Broekhoven gave conditional approval for a similar seminar associated with the Committee meetings with the Netherlands in May 2013.

A Task Force was formed to investigate how best to structure future arrangements (via an MOU?), and what financial arrangements should apply. The members of the Task Force are Henk van Broekhoven, Bill Horbatt, Al Klein and Martin Stevenson (Chair).

8. International Experience Study

An update on the [IES](#) (International Experience Study) was provided by Bill Horbatt and Taisuke Nishimura.

The next two countries that could join the IES are Columbia and Croatia.

9. Information Base

Brian Ridsdale reported on progress with the construction of the Information Base. The topics covered and their authors were:

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| ▪ Overview | Martin Stevenson |
| ▪ Sources of mortality data worldwide | Paul Lewis |
| ▪ Society of Actuaries' International Mortality Experience Study | Bill Horbatt |
| ▪ Mortality trends and uncertainty | Henk van Broekhoven (1) |
| ▪ Pandemics | Mika Mäkinen |
| ▪ Social and demographic stratification | Brian Ridsdale |
| ▪ Mortality by cause of death | Brian Ridsdale |
| ▪ Projection techniques | Paul Swinhoe (2) |
| ▪ Mortality of disabled people | Ermanno Pitacco |
| ▪ Mortality related financial products | Dov Raphael |
| ▪ Underwriting | Al Klein |
| ▪ Mortality assumptions used in pensions and annuity reserving | Brian Ridsdale |
| ▪ Health longevity | Bridget Browne |
| ▪ Other sources of information | |

Notes: (1) Henk van Broekhoven agreed to provide material in the near future.

(2) Bridget Browne agreed to collate the material that had been provided recently to Pablo Antolin.

It was agreed that the Information Base should be launched within the next two to three months. An announcement would be made in the IAA newsletter; and notification should also be carried out through local associations.

A new section on Country Reports would be added. If any contributor to the Country Reports did not want their report included in the Information Base, Brian Ridsdale should be advised.

10. Underwriting

Al Klein reported on the [underwriting around the world](#) surveys. A pro forma survey had been prepared, and the USA form had been completed. The MWG offered some suggestions for change to the template. Most of these will be incorporated and then the survey will be forwarded to other countries for completion.

Brian Ridsdale spoke to his paper on [annuity underwriting](#) in the United Kingdom. The UK Government has signalled its intention to prohibit the use of gender as a risk factor in insurance, and this is likely to lead to a greater interest in underwriting annuities based on other risk factors. The UK appears to lead the world in identifying and taking into account risk factors, leading to greater equity in annuity pricing.

11. ICA 2014

The MWG will prepare a paper on Underwriting and discussions are continuing about a plenary session on mortality. It appears that mortality issues will be included in the Life stream, and it was agreed that it was important for mortality to also be featured in the Pension stream.

The MWG will continue a dialogue with the organisers of ICA 2014.

12. Admission of new members

Lars Pralle and Séverine Gaille were admitted as new members.

It was agreed that for the next meeting, Erik Alm and Martin Stevenson would give consideration as to whether any current members could be considered "inactive".

13. EU unisex issue

Erik Alm reported that different countries were moving at different paces towards implementation of the EU edict by the December 2012 deadline. Some countries may not be in a position to comply this year.

It is understood that the edict does not apply to corporate pension plans.

At this stage it does not appear that insurance companies will introduce different risk factors into pricing.

It was noted that in awarding compensation in injury cases, Courts took into account the gender of the affected person.

14. International convergence

Henk van Broekhoven presented on work that he is doing in respect of international convergence.

15. Any other business

A document “(Draft) Guidelines for Publications of Committees or Sections” from the Secretariat was noted.

A number of countries are now increasing the age of entitlement to Social Security in step with increases in the expectation of life. The question was raised: does this pose reputational risk for actuaries? The Group considered that there was very little risk, provided the expectation of life was calculated with regard to base mortality levels; that is, did not include allowance for future improvements.

16. Next meeting

The next meeting of the Mortality Working Group will be held in Nassau, Bahamas 15-18 November 2012