



# **IAA mortality task force**

**Status of the IAA mortality task force and  
coordination with IOPS**

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## Project on Mortality Tables for pensions – Why is there a problem?

- **Long life modelling** - The main challenges for pension plans, both funded and not funded, is long life. This will normally require both increased contributions (premiums) and increased premium reserves to cover future obligations.
  
- The mortality tables used in one specific country may be based on studies of:
  - Mortality from other countries
  - Population mortality by domestic statistical offices.
  - Insured lives either by actuarial associations, insurance associations, reinsurers or other organisations.
  - Members of pension plans by pension funds.



## ...Project on Mortality Tables for pensions – Why is there a problem?

- If tables or studies from other countries are used there must be some basis to argue that the mortality is the same or deciding on adjustment factors.
- If population mortality studies are used these must be adjusted in consequence of the mortality of pension scheme members typically being much lower than that of the total population (the mortality of pension scheme members could be up to 30 percent lower).
- Even if mortality studies for insured risks are used they may differ for pension mortality.
- The mortality may differ for different pension schemes due to different occupations or other factors.
- Even if you have mortality studies for pensions the data may typically be insufficient to analyse the decrease in mortality due to longevity and we must rely on population studies for this.

**Hence the need for new mortality tables for pensions**



## Working plan

- The mortality task force was officially appointed at the IAA Quebec meeting last June, and their first operative meeting was in Cyprus 3 November 2008, and the next in Tallinn end of May 2009.
- The task force is working toward presenting its report at the International Congress of Actuaries in Cape Town March 2010.



# The commission of the task force

- To conduct a study of current data collection efforts internationally, and to create guidelines to ensure that appropriate data is available.
- To coordinate the work done by different Sections and Committees of the IAA in the area of mortality, especially when this involves cooperation with other international bodies.
- To conduct a survey of current international research on mortality to determine future needs in this area and begin to facilitate a process to enhance future efforts of actuaries in this area.



## Work areas discussed in Cyprus

- Collection of information in respect of mortality studies of actuarial organisations
- Relationship to the Human Mortality database
- IES Mortality Studies in less developed countries
- Improvement and Projection techniques



## ....Work areas

- Social and demographic stratification and analyses by cause of death.
- Pandemics



## Cooperation with IOPS

- Keep IOPS informed of the work of the Task Force.
- The Task Force could prepare a general note for the IOPS in respect of good practice for setting mortality assumptions for pension validation.
- The task force could conduct a review of practice in respect of countries nominated by IOPS.
- Fees to cover expenses for the two last areas may be discussed at our Tallinn meeting.





## ....Cooperation with IOPS

- The task force would welcome references to papers on the topics being discussed in their Cyprus meeting.
- Any experience that IOPS members may have in the use of mortality tables for pension funds in their own countries is of interest.
- Any interim reports from the task force will be sent IOPS, and comments appreciated.