



Exporting Longevity Risk Transfer

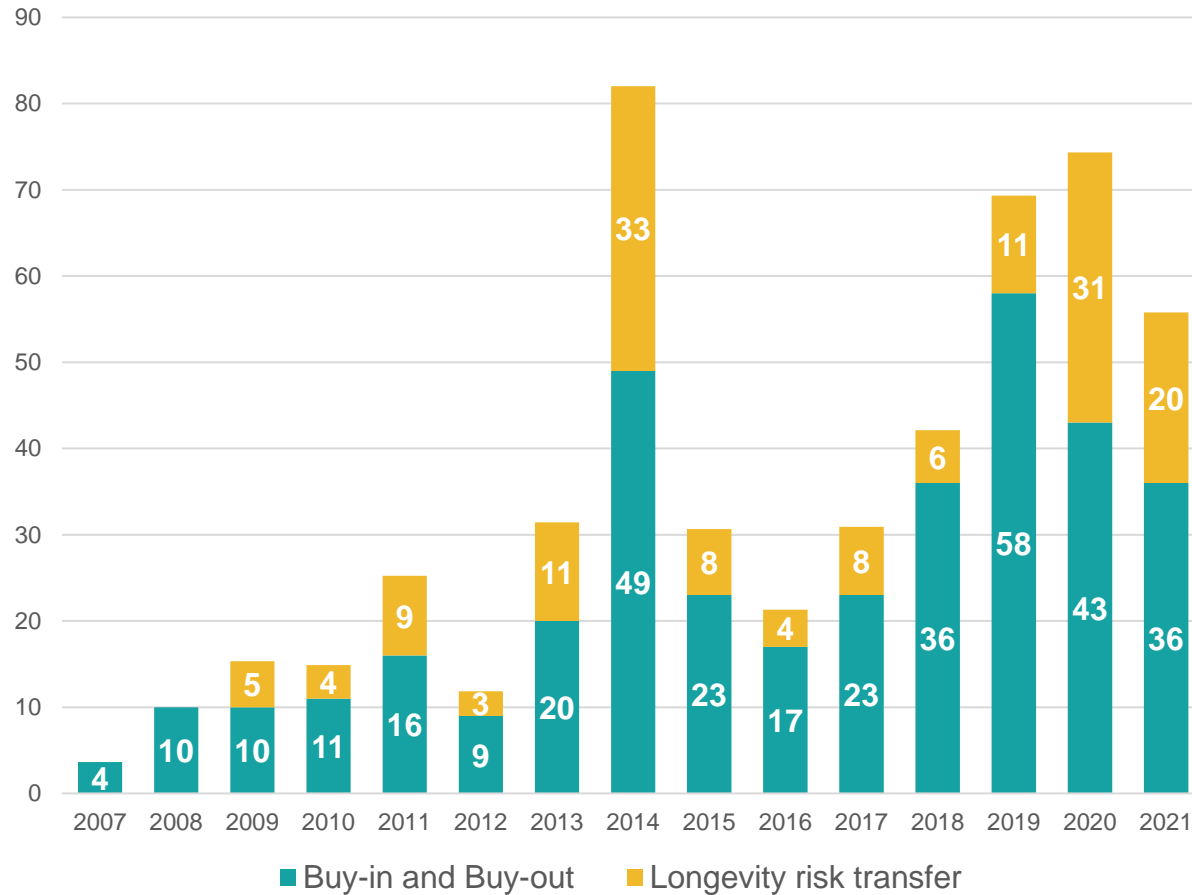
Challenges and opportunities in new
markets

David Lipovics – VP, Global Financial Solutions

September 13, 2022

A familiar place

UK longevity risk transfer activity (in \$ billions)

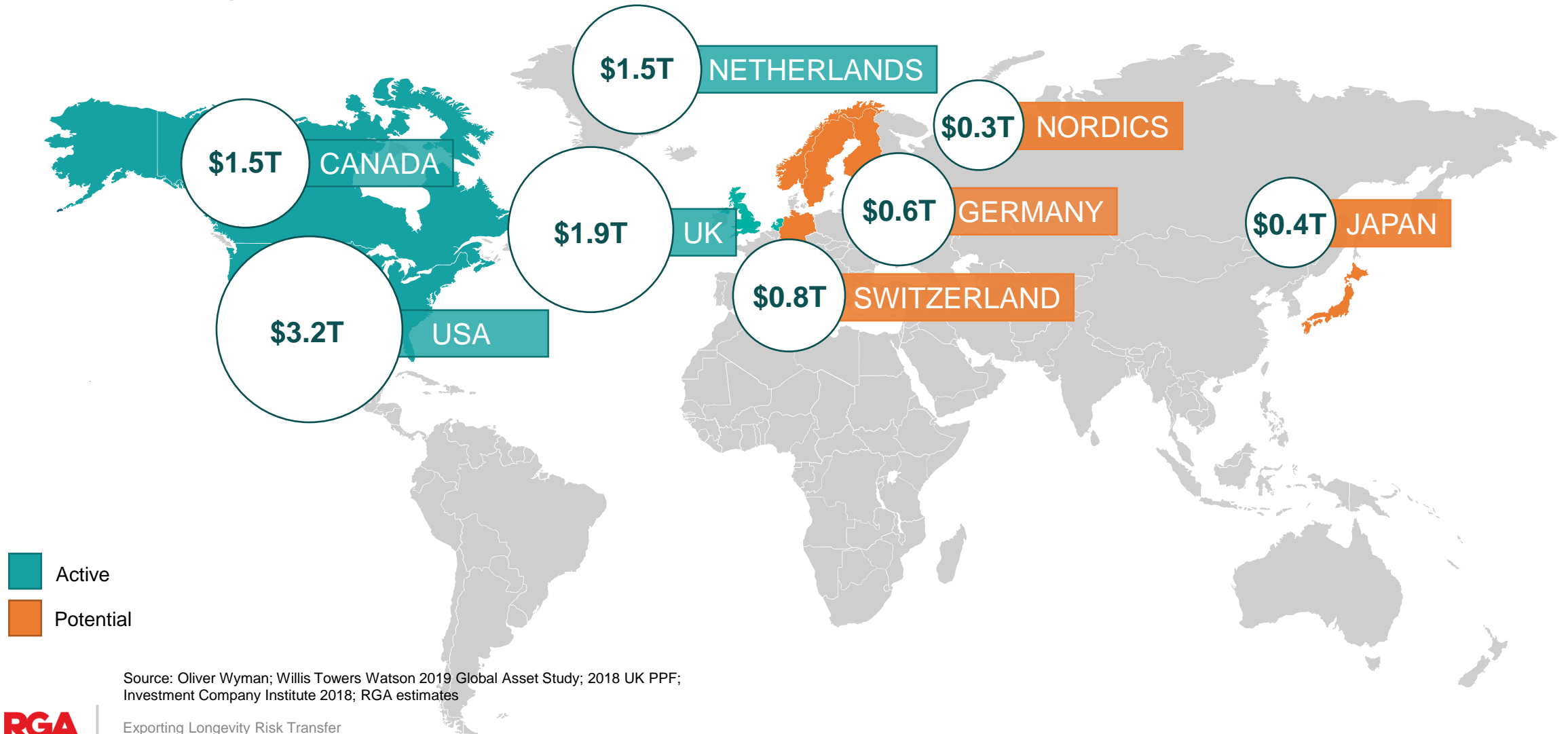


- Pension plan longevity de-risking over \$ 150 billion.
- We estimate roughly 70-80% of longevity risk in PRT transactions is reinsured.
- Total longevity risk transfer to reinsurance market likely over \$ 400 billion.

Source: https://www.hymans.co.uk/media/uploads/Risk_Transfer_Report_2022.pdf

There is longevity risk beyond the UK

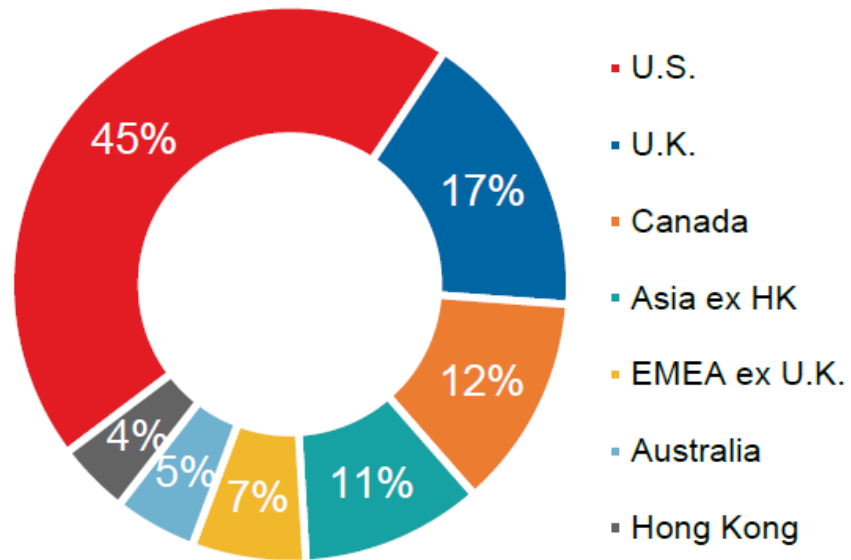
Size of corporate Defined Benefit liabilities



Motivations for global solutions

A reinsurer's lens

RGA's Mortality Amount at Risk by region



Hedge effectiveness

Day-one versus future exposures

Product lifecycle

Moving from theory to practice

Preconditions for a successful transaction in a new market



Catalyst for demand

- Moving from curiosity to need



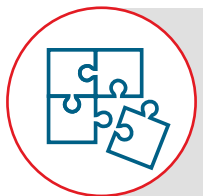
Data access

- Enabling necessary research and development



Converging expectations

- Price points within shooting distance



Regulatory framework

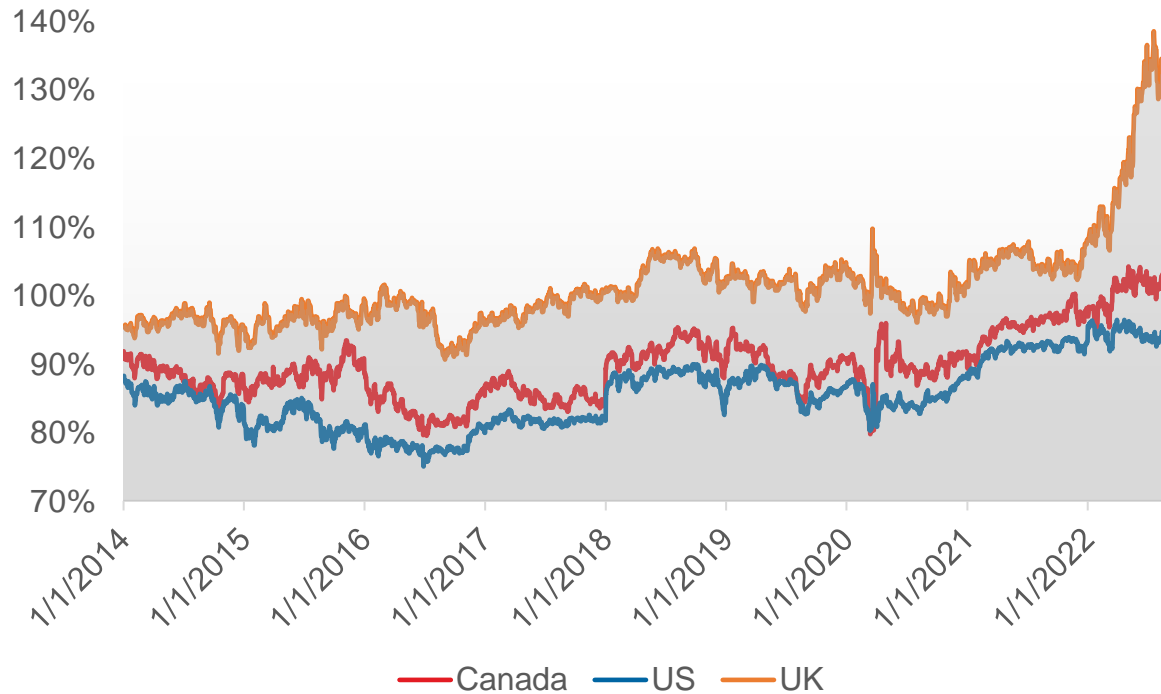
- Both for pension risk transfer and associated reinsurance

1. Catalyst for demand



In focus: UK, US and Canada

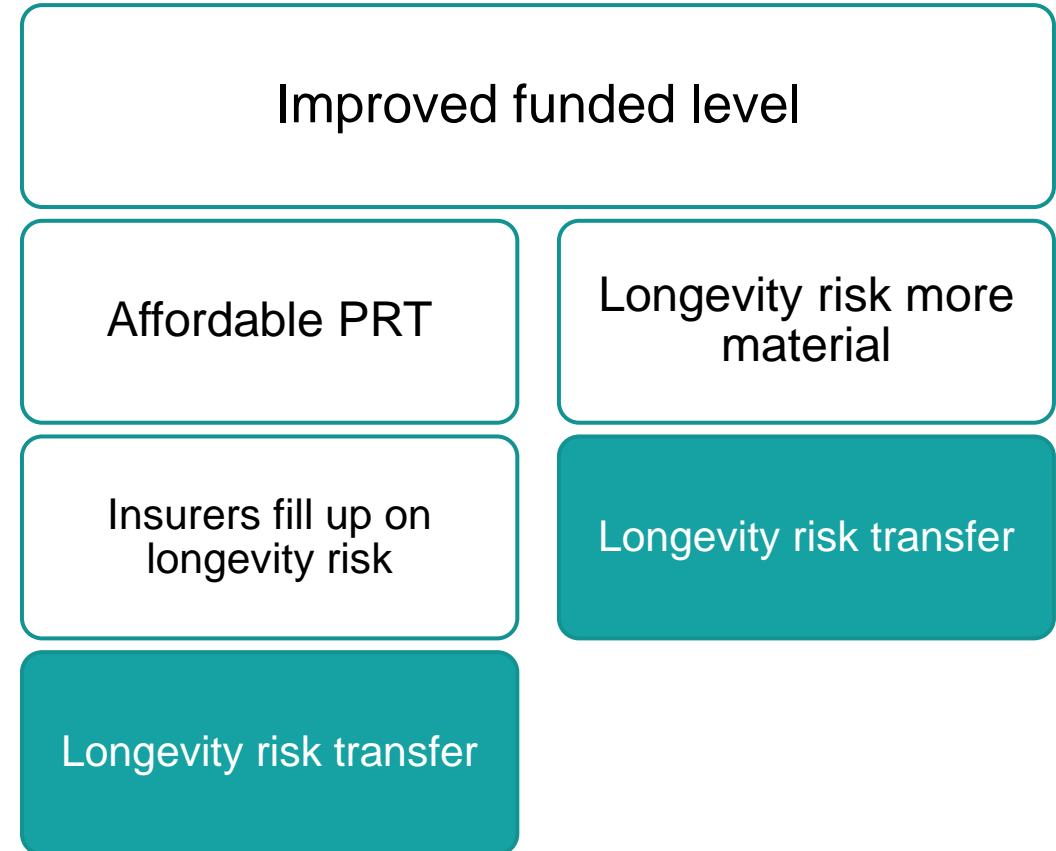
Funded position of largest corporate DB plans



Source: Aon Pension Risk Tracker



Exporting Longevity Risk Transfer



2. Data access



In focus: the Netherlands



Data acquisition

- Population data
- Pensioner data

Analytics

- Predictive rating factors
- Basis development

Qualitative elements

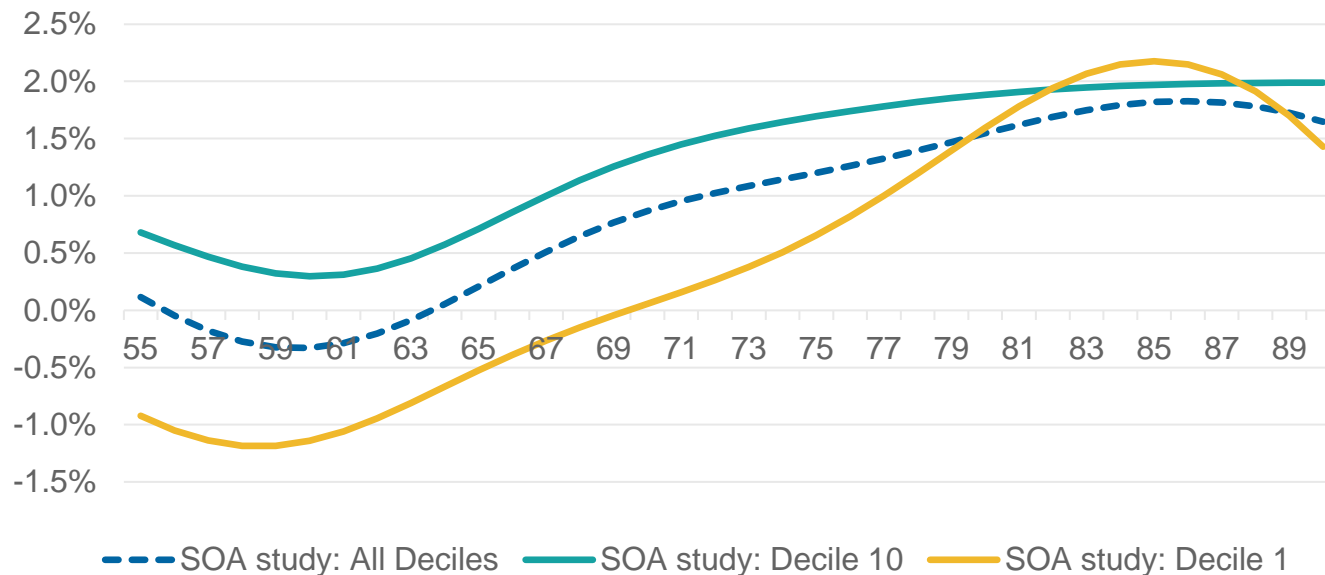
- Local insights
- Long term trend assumptions

3. Convergence of mortality views



In focus: US

Mortality improvement rates for males in 2008-2016



Source: RGA analysis based on SOA, Mortality by Socioeconomic Category in the United States, 2020

27%
of US population aged 60 and above has access to DB pension pot.¹

2%
could be the average difference between low and high affluence demographic profiles' annuity values.²

1: Examining the Nest Egg: The Sources of Retirement Income for Older Americans, Porell – Bond, 2020
2: RGA analysis

4. Regulatory framework

In focus: APAC



Australia

- Cursory look may be misleading
- Primary opportunity on DC side, with active product development
- Retirement Income Covenant in effect July 1, 2022



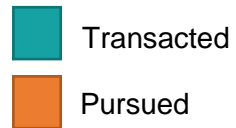
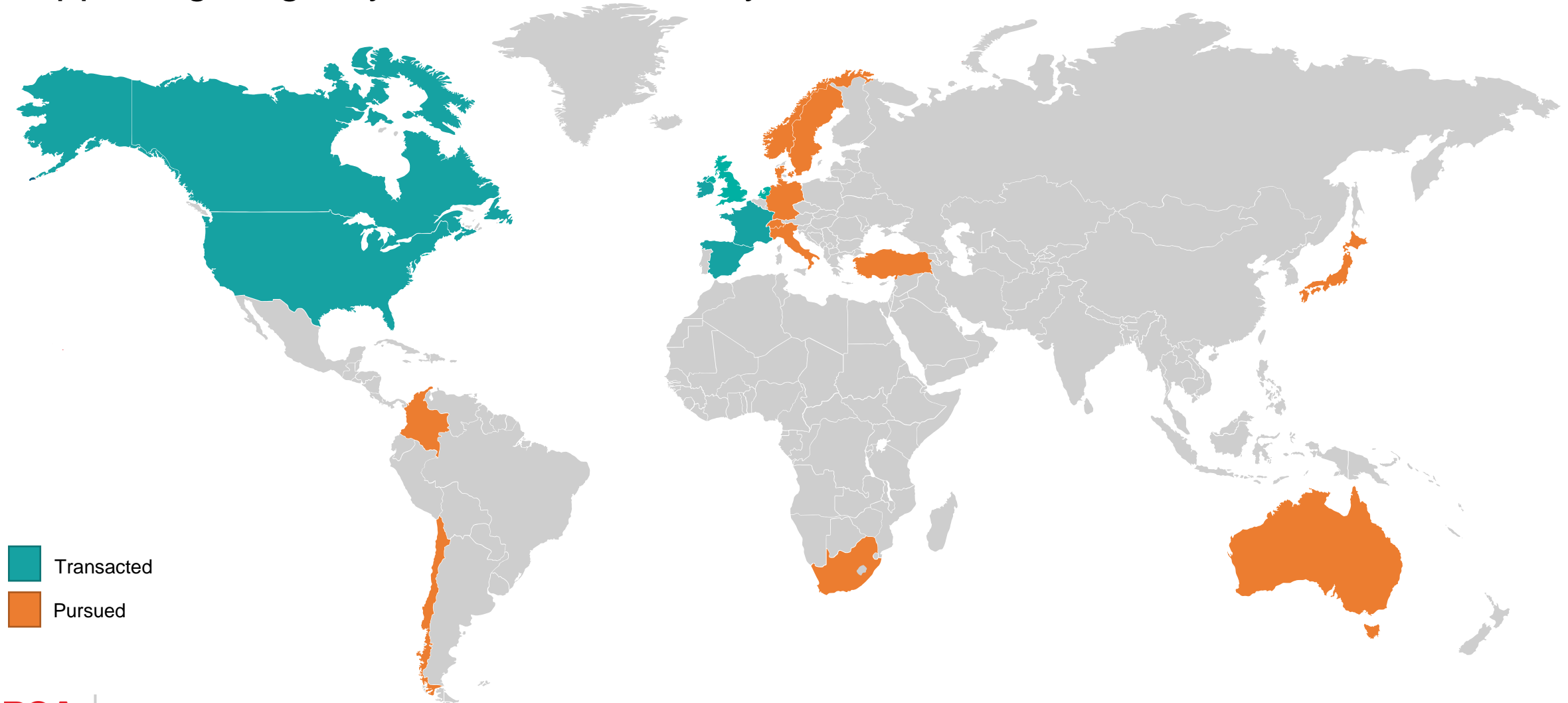
Japan

- Sizable DB liabilities
- No clear precedent for longevity risk transfer despite emerging demand
- Insurers investigate viability of PRT

Regulatory groundwork both at the consumer level and the insurance carrier level were essential in the emergence of today's effectively functioning longevity risk transfer markets.

RGA's global longevity footprint

Supporting longevity risk transfer activity across continents



RGA

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