

Mortality risk and its management: Developing a mortality risk transfer market

With a brief introduction by Prof. Valeria D'Amato, Sapienza University of Rome



Luca Tres
Guy Carpenter

Chair



Michele Rendine
Generali

Insurer view



Leonie Kinold
SCOR

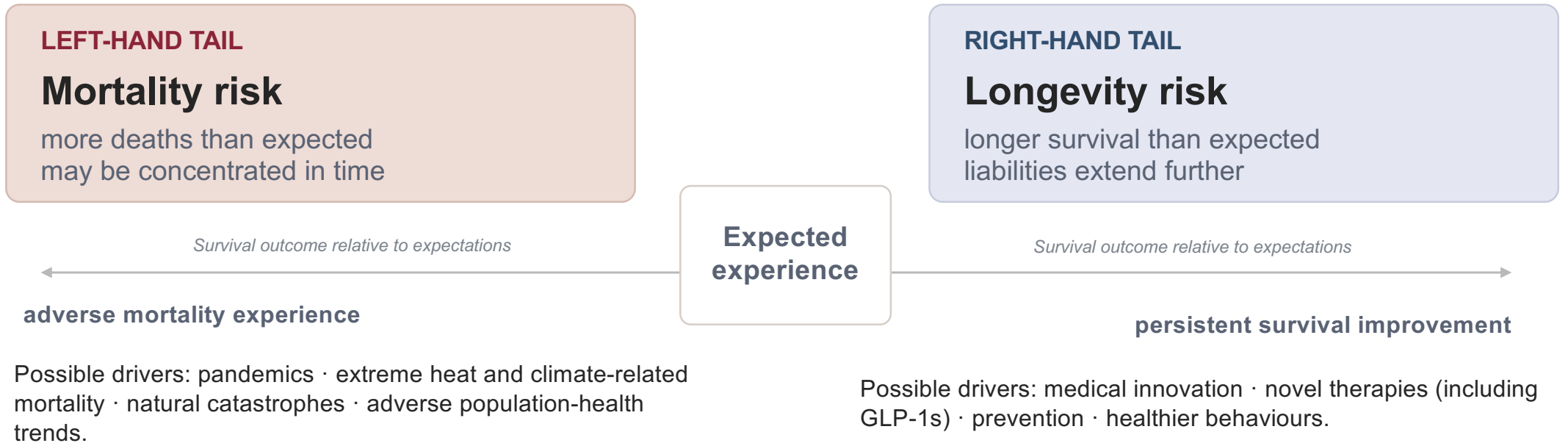
Reinsurer view



Craig Gillespie
Leadenhall Capital Partners

Investor/market view

Two tails of demographic uncertainty



The distinction between mortality and longevity risk is well established in actuarial science.

What is new for L21: treating systematic mortality risk as a distinct market and risk-management question — from product design and market growth to eventual capacity constraints and, ultimately, the need for broader risk transfer to the capital markets.

Developing the mortality risk market

A possible progression if mortality protection expands



Develop the mortality market first.

However, broader mortality risk transfer may become economically valuable later if scale, concentration, volatility or capital needs increase — but this is a longer-term development.

Panel session:

Mortality risk and its management – developing a mortality risk market

Panel members

Luca Tres, Chair (Guy Carpenter)

Michele Rendine, Insurer view (Generali)

Leonie Kinold, Reinsurer view (SCOR)

Craig Gillespie, Investor/market view (Leadenhall Capital Partners)

Questions discussed

Q1 — General Trends (Michele + Leonie)

- *Michele*: Where do you see mortality risk sitting today in insurers' portfolios — and how material are they for a European leader such as Generali?
- *Leonie*: What are the main trends in life reinsurance [read: not retro] SCOR is currently seeing?

Q2 — Retro and the role of ILS (Leonie + Craig)

Pandemic risk sits alongside catastrophe risk as a key consideration for life insurers and reinsurers — and retrocession is one of the main tools for managing it.

- *Leonie*: From a retrocession perspective, what mitigation strategies and priorities are you seeing? Where do capital markets fit in this?
- *Craig*: Where does ILS fit into that retro toolkit today in your view, and what would it take for capital markets to play a bigger role in mortality or longevity retro specifically? More fundamentally: do you see reinsurers as competitors or partners - or both?

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Q3 — Other challenges (Michele + Craig)

Across Europe, life insurance is overwhelmingly savings-driven. Biometric risk protection — mortality, longevity, disability — remains a small fraction of what people actually buy, despite the exposure being real and growing. On the other side, insurers de facto compete with banking and asset management proposition.

- *Michele*: What can we all do to increase the biometric part of the business?

Appropriate structuring plays a role to make insurance risks palatable for capital market investors. The markets expected far stronger cat bond activity in life. And actually a good part of Life ILS activity has been mostly linked to more fixed income-type deals.

- *Craig*: What are the key requirements on this front for your to be interested? How do you see the role of your end investors from this perspective? When I was in ILS there were a number of challenges to solve: minimum return, max duration, non longevity exposure given that a good part of ILS investors were pension funds, etc

Q4 — Imagining the future (All)

Imagine we will sit here, in the same spot in 5 and 10 years. What do you expect as major changes compared to today?