

# Longevity 8:

Eighth International Longevity Risk and Capital Market  
Solutions Conference  
([www.longevity-risk.org](http://www.longevity-risk.org))

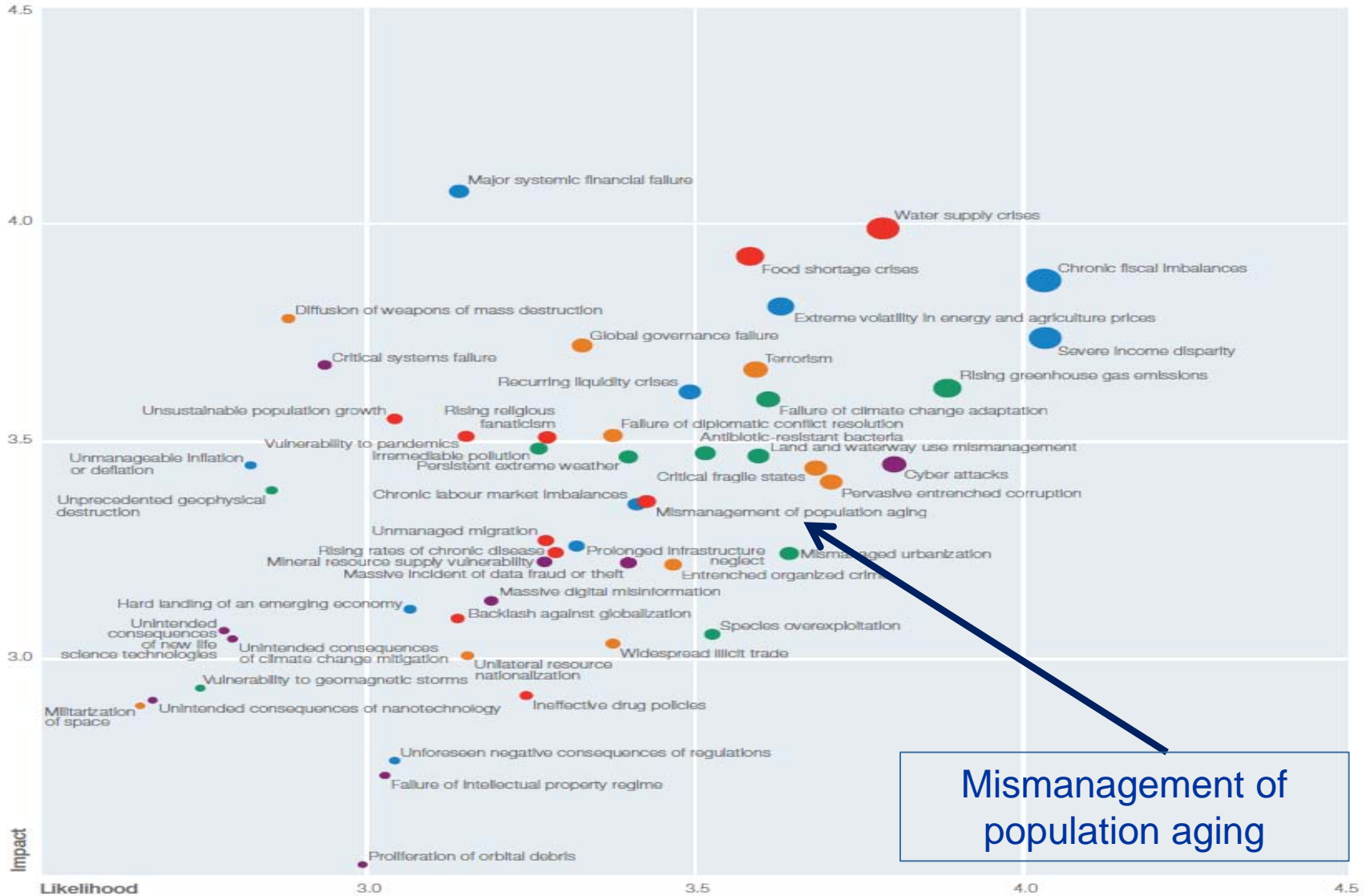
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September 2012

# Previous conferences

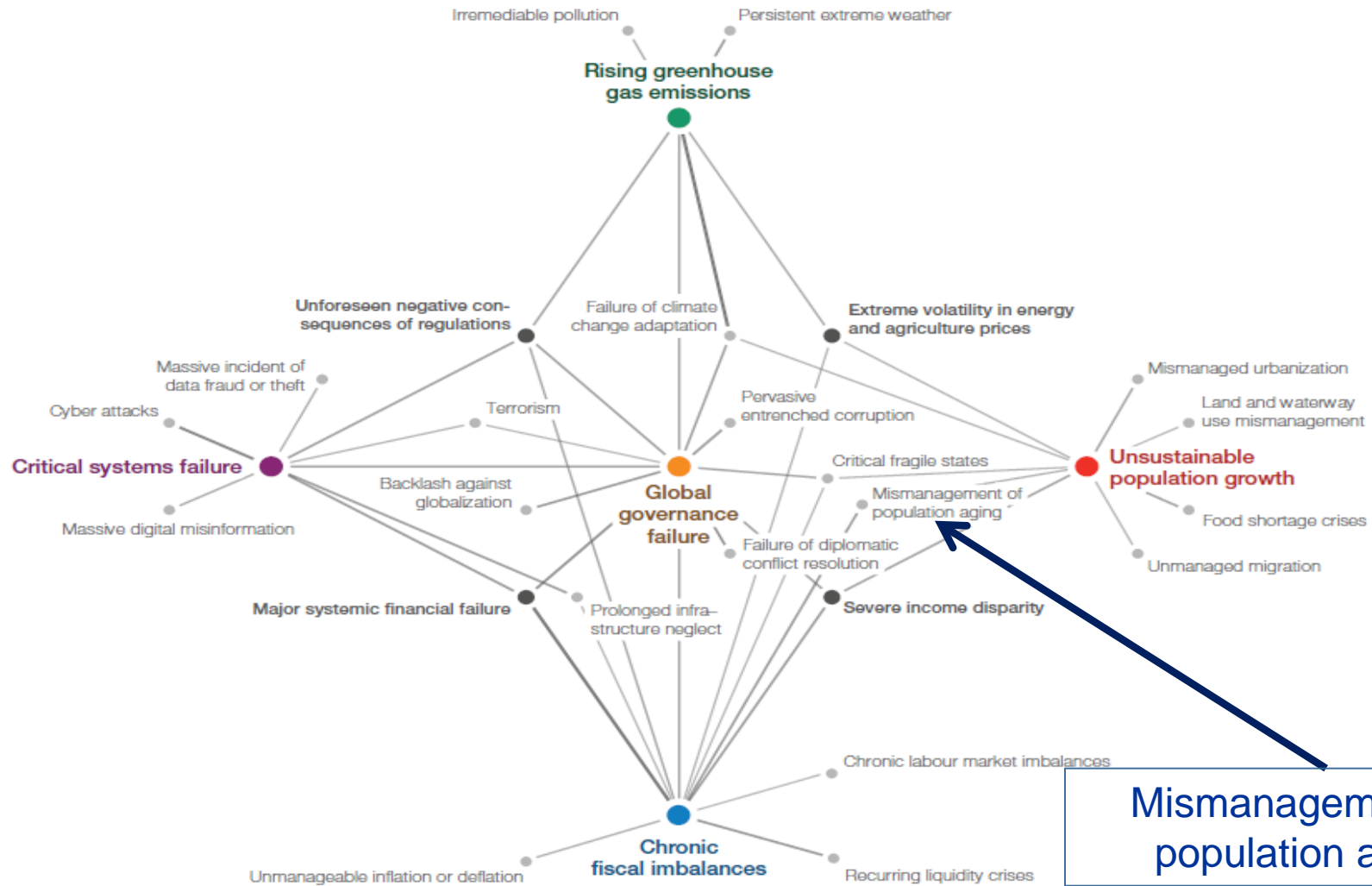
- Longevity 1: Cass Business School, London 2005
- Longevity 2: Chicago 2006
- Longevity 3: Taipei 2007
- Longevity 4: Amsterdam 2008
- Longevity 5: New York 2009
- Longevity 6: Sydney 2010
- Longevity 7: Frankfurt 2011

# WEF Global Risks Landscape 2012



Mismanagement of population aging

# WEF Global Risks Map 2012



Mismanagement of population aging

# Developments in 2011-12

- April 2011 – LifeMetrics Indices transferred to Life and Longevity Markets Association (LLMA)
- LLMA established in February 2010:
  - “to support the development of consistent standards, methodologies and benchmarks to help build a liquid trading market needed to support the future demand for longevity protection by insurers and pension funds.”
- Current members: Aviva, AXA, Deutsche Bank, J.P. Morgan, Legal & General, Morgan Stanley, Munich Re, Pension Corporation, Prudential PLC, RBS and Swiss Re.

# Developments in 2011-12

- A record £10bn in risk transfer deals in UK pension funds in 2011:
  - Beating the £8bn p.a. for 2008-10
- Mostly as buy-outs or buy-ins:
  - As a result of strong asset markets making them more affordable
- Main players:
  - Rothesay Life, Pension Insurance Corp (PIC), MetLife, L&G, Aviva and Lucida
- Total of £40bn since 2006

# Developments in 2011-12

- World's first longevity swap for non-pensioners (i.e., involving active and deferred members) took place in February 2011:
  - When J. P. Morgan executed a 10-year q-forward contract with the Pall (UK) pension fund (£70mn).
- £7bn + of longevity swaps in 2011-12
  - £14.2bn since 2009

# Developments in 2011-12

- First buy-in deal outside UK took place in Canada in 2009 involving Sun Life (\$50 million):
  - Second one was in 2012 also involving Sun Life (\$20 million)
- First buy-in deal in US in May 2011 between Hickory Springs Manufacturing Company and Prudential Retirement (\$75 million).



# Developments in 2011-12

- First international longevity reinsurance transaction in June/Nov 2011 between Rothesay Life (UK) and Prudential Retirement (US) (£450m).
- In February 2012, Deutsche Bank executed the largest longevity swap to date, valued at €12 billion, with Aegon:
  - first to be based on Dutch population data
  - first to be targeted directly to the capital markets via private bond and swap placements.

# Developments in 2011-12

- In June 2012, General Motors announced a transfer up to \$26 billion of pension obligations to the Prudential (US):
  - Effectively a partial pension buy-out involving the purchase of a group annuity contract for GM's salaried retirees

# But the fall-out from the Global Financial Crisis...

- ...continues to have a big negative impact on the longevity risk transfer market:
- Dodd-Frank (Restoring American Financial Stability) Act 2010
  - US banks and affiliates not be able to enter into:
    - Longevity swaps
    - Synthetic trades in life settlements
- Basel III
  - In April 2012, a number of investment banks pulled out of the market as a result of the additional capital requirements under Basel III:
  - UBS, Credit Suisse and Nomura.
- But new re/insurers entered:
  - Munich Re, Scor and Prudential (US).

# What needs to happen at L8

- Continuing with our strategy of bringing together practitioners and academics from a variety of relevant disciplines
- Extending our community to include pension plan sponsors with significant longevity risk asset exposure from different countries
- A key theme of Longevity 8:
  - The New Paradigm of Longevity in Pension Risk Solutions

# Longevity Eight

The Eighth International Longevity Risk and Capital Markets Solutions Conference,  
Waterloo, 7-8 September 2012

## Hosts

WATERLOO | MATHEMATICS  
STATISTICS AND ACTUARIAL SCIENCE



## Platinum sponsors



## Gold sponsors



## Bronze sponsor



<http://www.longevity-risk.org/index.html>

# Future conferences

- Longevity 9:
  - Beijing, 6-7 September 2013
  - Special Issue of Insurance: Mathematics & Economics
- Longevity 10
  - Santiago, Chile, 2014