

Thank you for joining us – the
webinar will start shortly

How to capture the pension risk transfer data dividend

February 26th, 2020

12 noon EST



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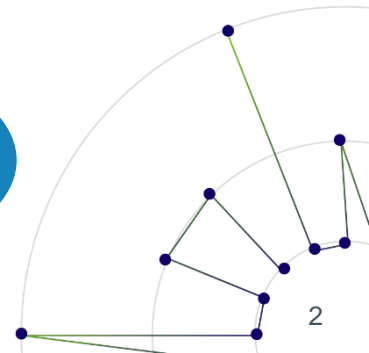
Today's aim

Q: Why are we bothering to create better data?

Plan
sponsor

A: Because cleaner, more complete data will save you money, creating a high ROI. We would like to show you how ...

Advisor



Today's panel



Richard Brown



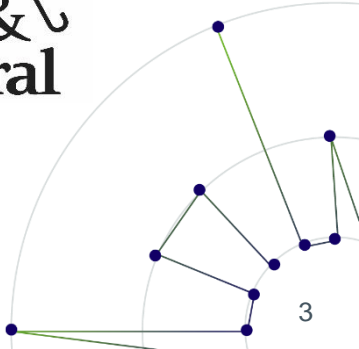
Benoît Labrosse



Paul Forestell



Tom Ault



What factors drive group annuity pricing?

Group annuity pricing is driven by several factors – many of which plan sponsors have control over

Premium relative to mark-to-market Solvency Liabilities

105%
104%
103%
102%
101%
100%
99%
98%
97%
96%
95%
94%
93%
92%
91%
90%



Source: Data extract from a sample of 30+ Morneau Shepell transactions over 2018 and 2019



Plenty of control

- Transaction size
- Timing of transaction
- Tranching of transaction
- **Data cleanliness and completeness**
- Assuris coverage
- Transaction day process
- Insurers' confidence a transaction will occur
- Investment portfolio
- Transparency of process



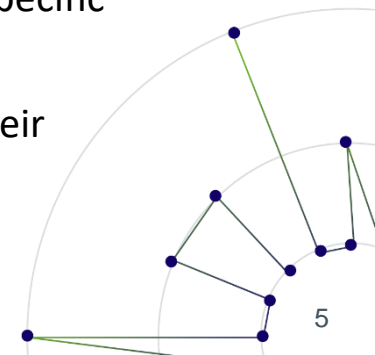
Little control

- Underlying population, demographics and location
- Benefit provisions
- Insurers' preferences
- Insurers' assets



Sheer luck

- Insurers not winning a specific deal
- Insurers' not meeting their annual objectives



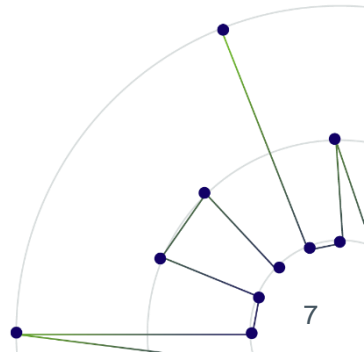
So, how can better data help ensure plan sponsors receive the best possible price?

Three sources of gains

Cleaner data

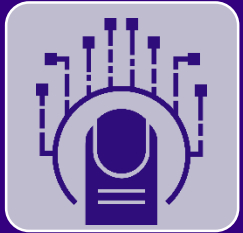
More data
fields

Historical
experience



Deep cleaning:
Do you really know who your
members are?

Key sources of membership uncertainty



Unlocated deferred vested (DV) members

- Basic data (e.g., date of birth) likely more unreliable than regular DVs



Unnotified deaths

- Reduced by comprehensive administrative practices, including existence checking programs



Uncertainty regarding second lives

- Unreliable form of pension data – could single lives actually be joint?
- Have predeceased spouses been captured?

Three reasons why

1. Reduce
future
payments
(improve
cash flow)

+

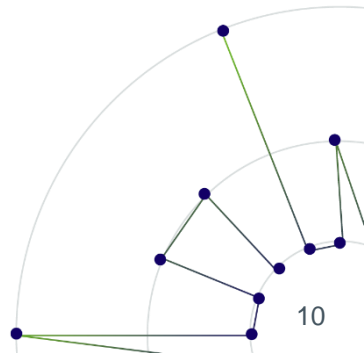
2. Shorter
life
expectancy
(reduces
reserves)

+

3. More
underwriting
confidence
(lower risk
premium)

=

\$\$\$m benefits to bottom line



What can your data tell you about the longevity of your members?

Tapping into the wealth of data in administrative records



Age



Gender



Pension
Salary



Job type
Union or non-union
Industry



Education



Retiree vs.
Survivor



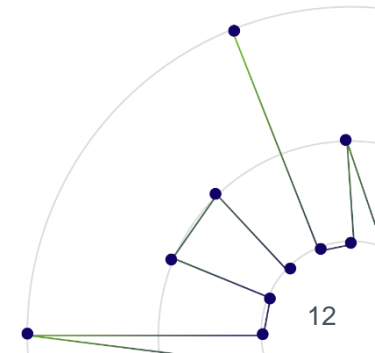
Marital
status



Health at
retirement

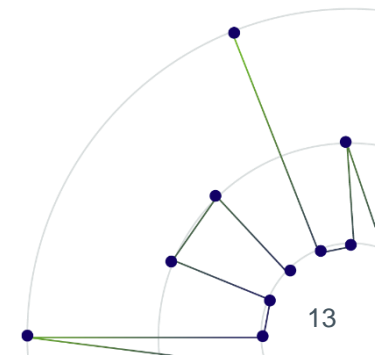
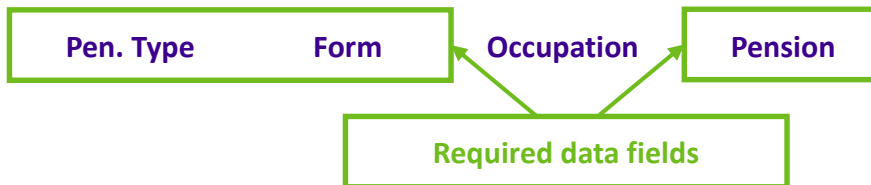
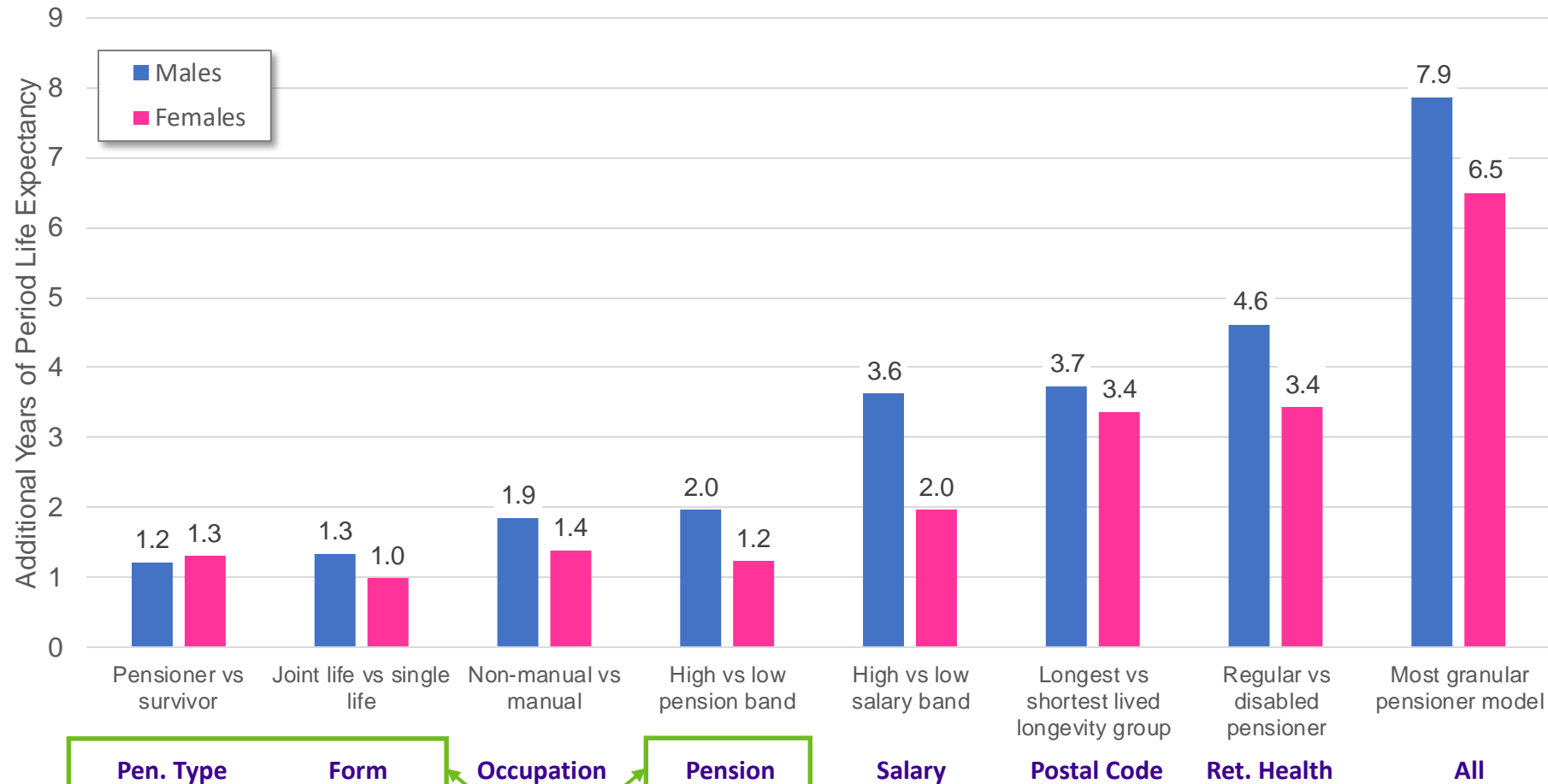


Postal code
Province

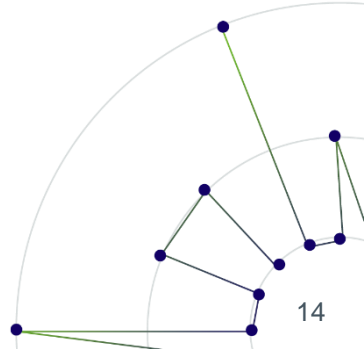
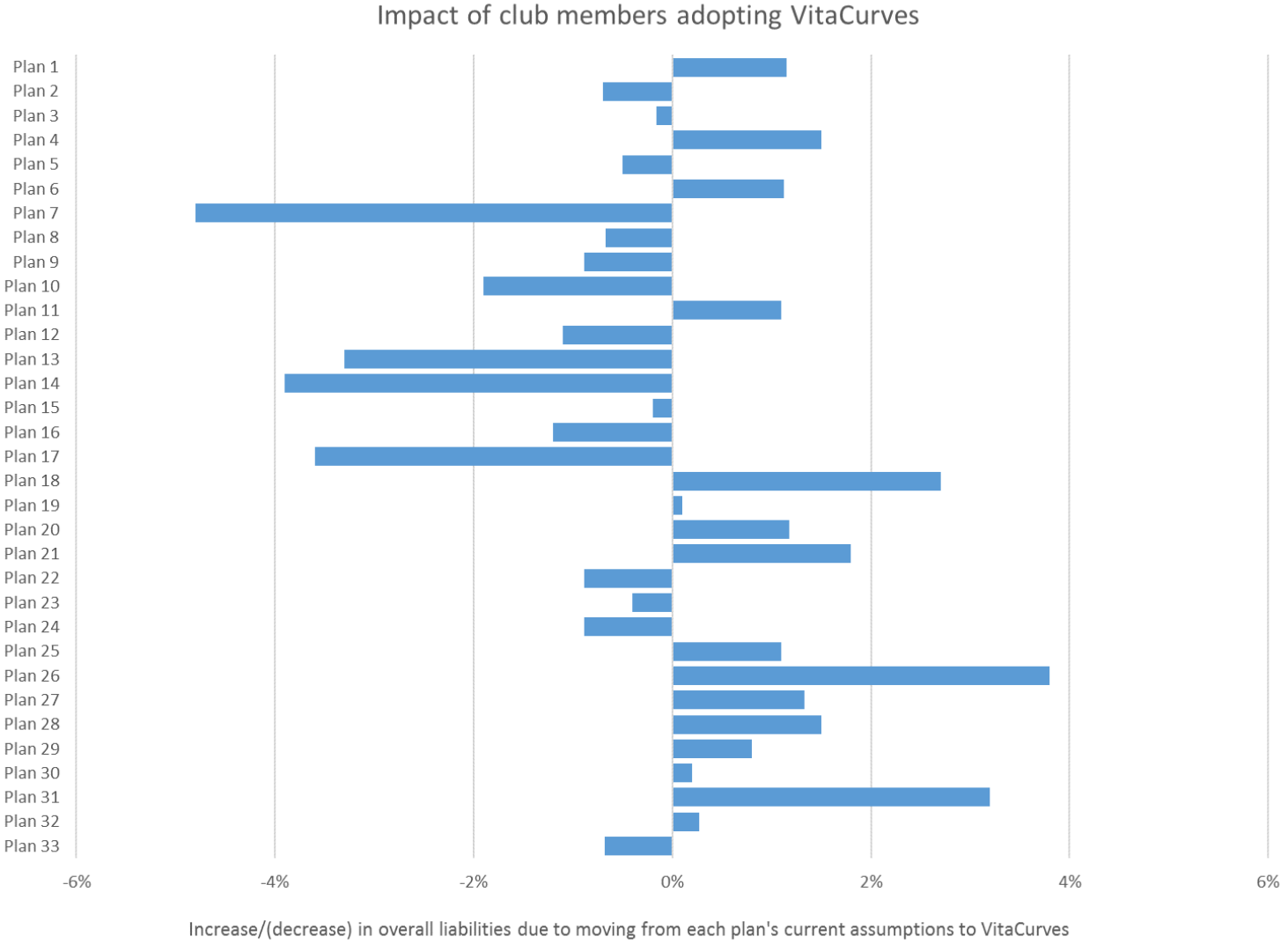


What does data tell us about longevity expectations?

Differences in period life expectancy at age 65 based on CV18 VitaCurves



Impact of capturing longevity factors



Lowering risk premium through better longevity insights

Postal codes

- Postal code has become a standard PRT data field
- An address search can increase coverage and accuracy

Occupation

- High-level occupation information may be of limited value
- Objective member-specific data is the most powerful

Salary

- Much better representation of affluence than pension
- Salary data isn't always readily available but partial or related data can still be helpful

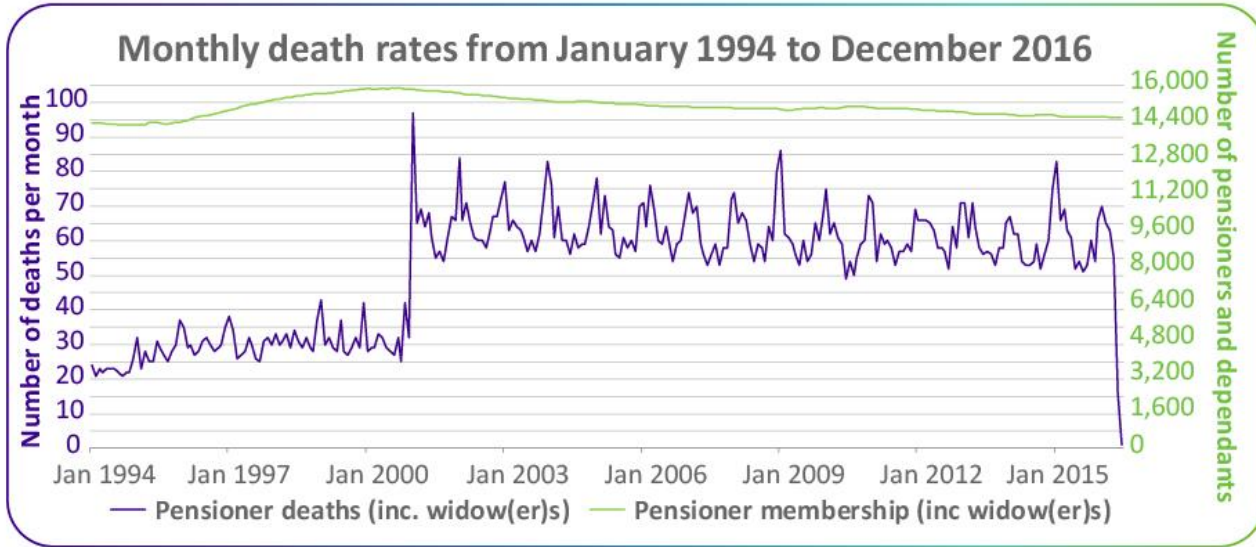
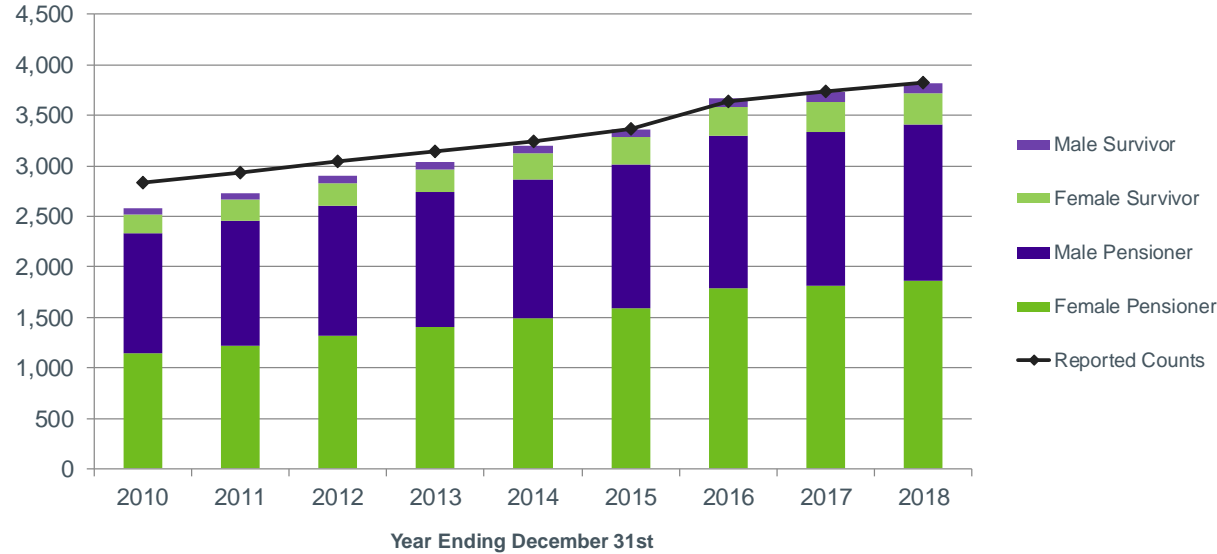
Retirement health

- Disabled pensioners experience much higher mortality
- Captured via plan-specific disability pension benefits and/or status (e.g., LTD) prior to retirement

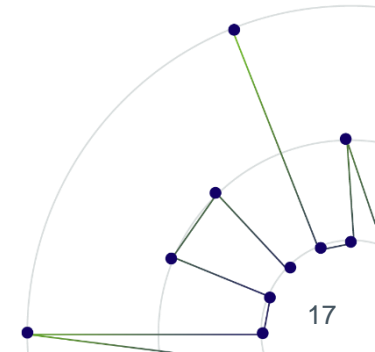
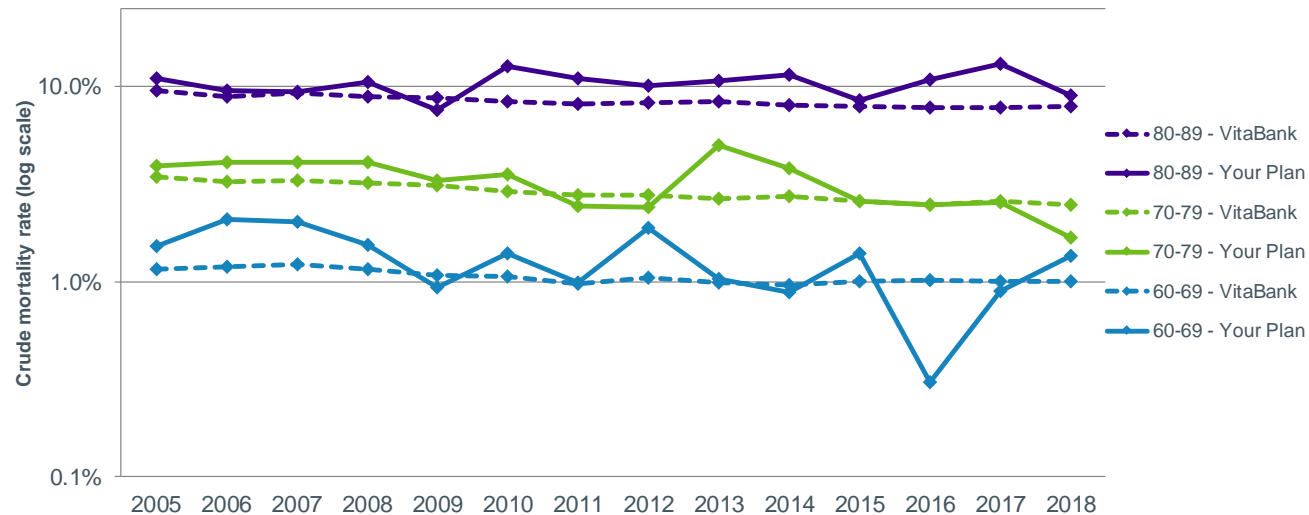
What can historical experience
tell us?

Assessing historical experience

Projected vs. reported historical pensioner/survivor headcounts



Male mortality for your Plan compared to VitaBank



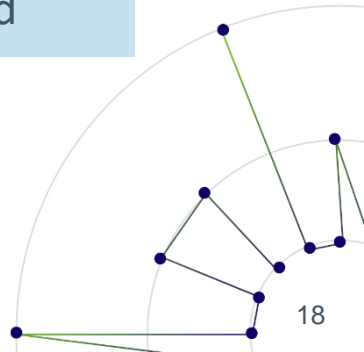
Dos and don'ts of historical experience for PRT

Dos

- Offer high quality historical experience data regardless of plan size
- Verify that all historical deaths (and other exits) have been captured and reconcile to past plan membership statistics
- Provide as much data on longevity factors as possible

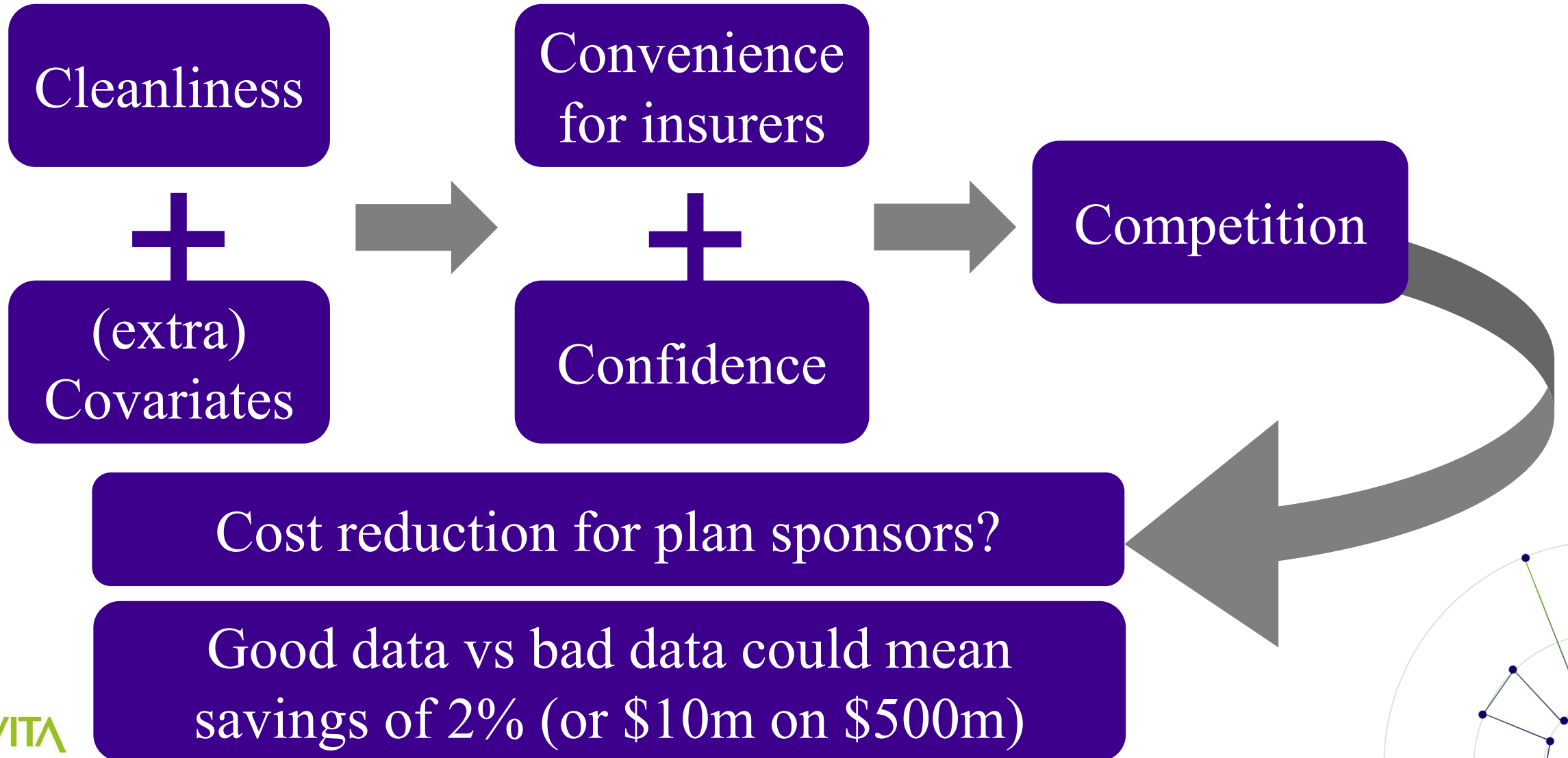
Don'ts

- Rely heavily on valuation data for historical mortality experience
 - The quality of valuation-sourced mortality data is often poor
 - Easy to miss deaths, particularly those soon after pension commencement and for original pensioner or survivors
- Provide historical experience that hasn't been fully validated/assessed



So, what's the overall
data dividend?

Good data delivers several benefits



Any questions?



Richard Brown



Benoît Labrosse



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