

# Longevity 7:

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

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# 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

# Developments in 2010-11

- On 1 February 2010, Life and Longevity Markets Association (LLMA) established:
  - “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.”
- New members join: Aviva, AXA, Deutsche Bank, J.P. Morgan, Morgan Stanley, Legal & General, Munich Re, Pension Corporation, Prudential, RBS, Swiss Re and UBS
- April 2011 – LifeMetrics Indices transferred to LLMA

# Developments in 2010-11

- 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, MetLife, L&G, Aviva and Lucida

# Developments in 2010-11

- Longevity swaps less popular:
  - ‘They are complicated instruments and reinsurance can be a problem’
    - Clive Wellstead, LCP, 23/5/11 (FTfm)
- 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.

# Developments in 2010-11

- Swiss Re Kortis Bond, December 2010:
  - 8-year 'longevity bond', \$50 million
  - Holders exposed to increase in spread between mortality improvement in 75-85-year-old English & Welsh males and 55-65-year-old US males.
- First buy-in deal outside UK took place in December 2010 between the Dutch food manufacturer Hero and the Dutch insurer Aegon (€44 million).

# Developments in 2010-11

- First buy-out deal outside UK took place in Canada in 2011 involving the C\$2.5bn Nortel pension plan.
- First buy-in deal in US in May 2011 between Hickory Springs Manufacturing Company and Prudential Retirement (\$75 million).

# Developments in 2010-11

- First international longevity reinsurance transaction in June 2011 between Rothesay Life (UK) and Prudential Retirement (US) (£100m).
- First life book reinsurance swap since the Global Financial Crisis between Atlanticlux and institutional investors in June 2011 (€60m).
- ITV completes a £1.7bn bespoke longevity swap with Credit Suisse in August 2011.



# But...

- Restoring American Financial Stability Act 2010
  - Known as Dodd-Frank Act
- Establishes new regulatory regime covering financial transactions with consumers
- Consumer Financial Protection Bureau
  - Office of Financial Protection of Older Americans
    - Protects seniors from unfair practices in life settlements
- Covers 'over-the-counter' derivatives market:
  - Now to be conducted through official exchanges and clearing houses
  - Increased collateral requirements
- US banks and affiliates will not be able to enter into:
  - Longevity swaps
  - Synthetic trades in life settlements

# What needs to happen at L7

- Continuing with our strategy of bringing together practitioners and academics from a variety of relevant disciplines
- Extending our community to include asset owners who are seeking uncorrelated investments with traditional asset classes
- A key theme of Longevity 7:
  - Turning longevity into an asset class

# Longevity Seven

The Seventh International Longevity Risk and Capital Markets Solutions Conference,  
Frankfurt, 8-9 September 2011



## Hosts



## Sponsors



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

# Future conferences

- Longevity 8:
  - Toronto 2012
- Longevity 9:
  - Beijing 2013

# Why are we here?

