



HALF-DAY SEMINAR ON LONGEVITY RISK AND SOLVENCY II

CPD

This event will count for 3 hours of technical CPD. A register will be taken for those wishing to claim external, verified CPD hours.

REGISTRATION

The event is free of charge, but to gauge numbers pre-registration is required. If you would like to come along, please let us know by emailing us at helpdesk@longevity.co.uk

VENUE

Central London.

DATE

Thursday, 19th April 2012.

TIME

13:30–16:30hrs. Buffet lunch available from 13:00hrs.

1. The Age-Period-Cohort model

Iain Currie, Heriot-Watt University

The Age-Period-Cohort (APC) model is well known and forms the basis for the CMI's 2009–2011 projection models. Iain shows how the APC model can be fitted and highlights areas where care is required. The issues discussed apply to both the Renshaw-Haberman model and models M6–M8 from Cairns et al (2009).

- Broad structure and smoothing options.
- How the choice of constraints dictates the parameter values.
- Philosophical problems in projecting correlated parameters.

2. Testing the robustness of an internal longevity model

Gavin Ritchie, Longevity Ltd

An internal model under Solvency II should deliver few surprises from year-to-year. But how do you assess the robustness of a model to new data you haven't yet seen? Gavin describes a model-consistent procedure for testing the sensitivity of any model to plausible new data.

- Generating sample paths and simulating a new year's experience.
- Automatically refitting models *en masse*.
- Benchmarking a projection basis against a stochastic model.

3. Putting longevity risk into a one-year VaR framework

Stephen Richards, Longevity Ltd

A common approach to longevity risk is to value annuities on a stressed trend. However, this conflicts with the one-year time horizon for Solvency II. How do you put a long-term trend risk into a one-year framework? Stephen describes how any statistical projection model can be put into a one-year value-at-risk framework for Solvency II.

- Valuation and discounting options — constant interest rate or yield curve?
- The stressed-trend approach.
- The one-year approach.

