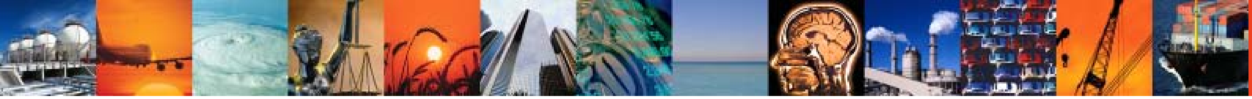
PartnerRe

How does an underwriter view longevity risk?

Kevin O’Regan

Head of Longevity Reinsurance, PartnerRe

October 12, 2010



What is Longevity risk?

Longevity risk is

“the risk that people live longer than expected”

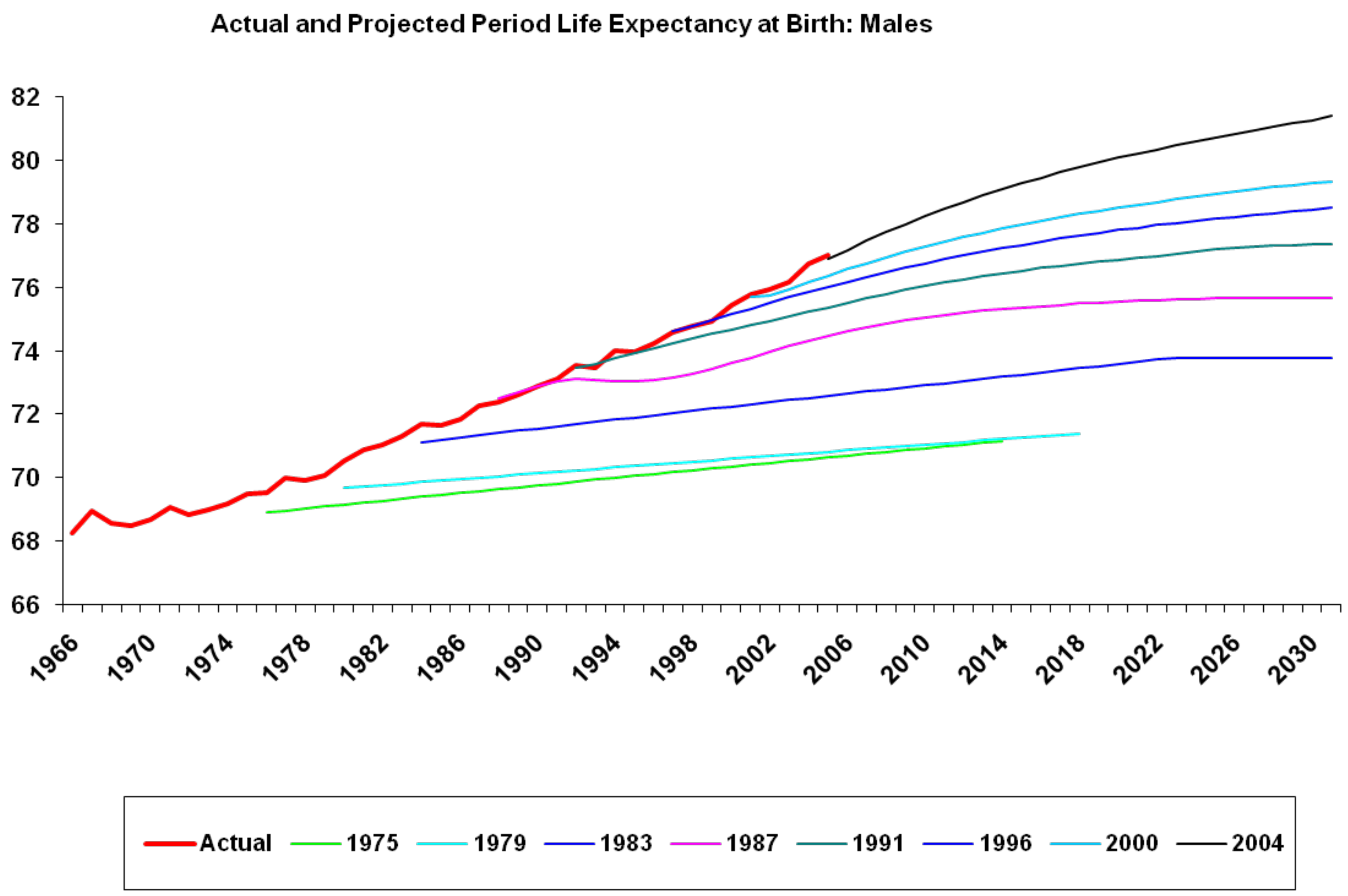
It is a long duration, systemic risk

One of four risks limited by the PartnerRe Board

Controlling the risks

Idiosyncratic Risk	**Starting mortality rates**
	Deal specific
	Diversifiable
Systemic Risk	**Future improvements**
	Aggregates across all deals

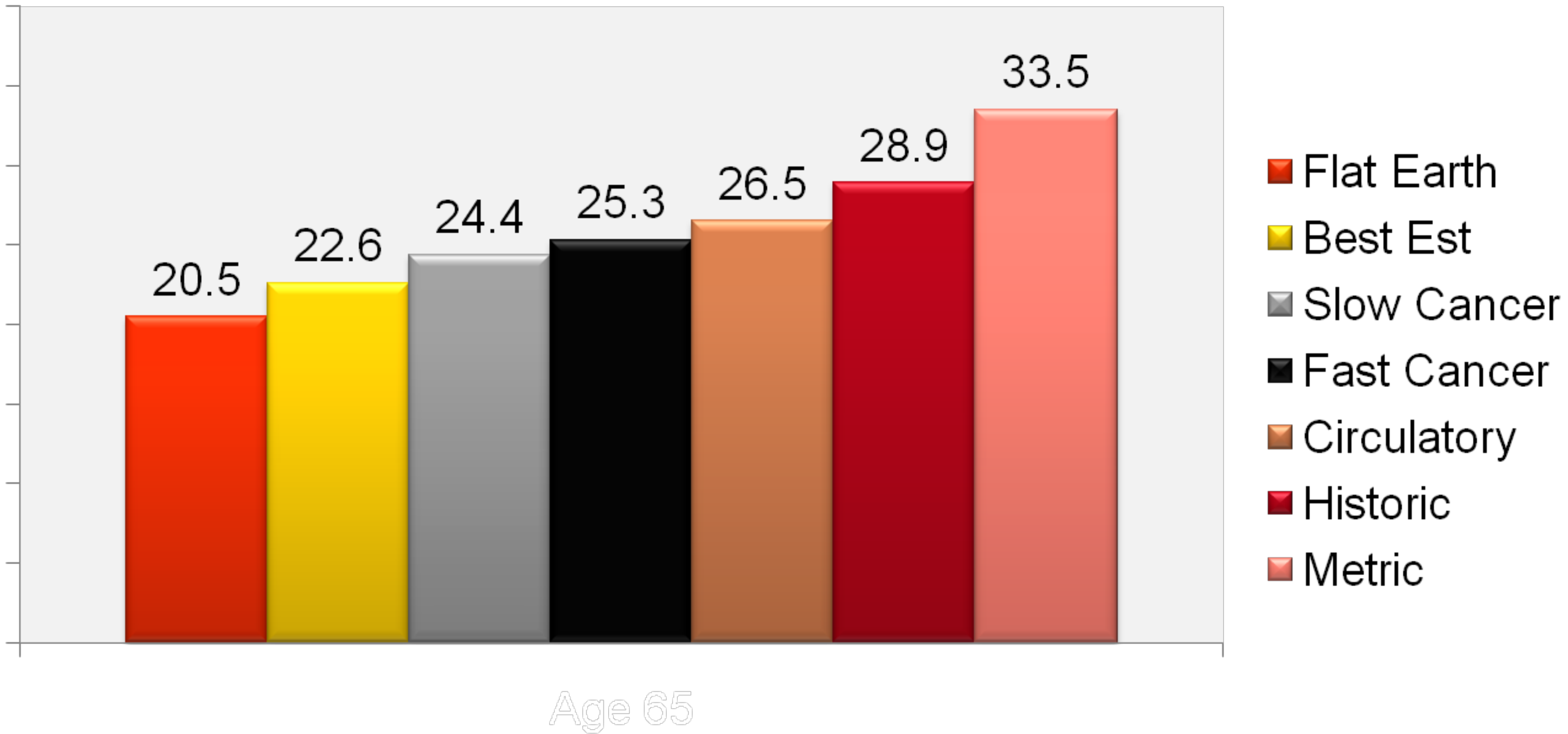
Historic underestimation of improvements



PartnerRe

Controlled framework for risk

Extreme Scenario



PartnerRe

Controlled framework for risk

Contractual limits where possible, otherwise "maximum loss" approach

Exposure metric defined

Aggregate limit % economic capital base

Utilization monitored quarterly, and with each new deal

Underwriting approach

Deal qualification	Understand the block, stable, seasoned, clean Each quote built on data analysis, test against our basis
Pricing	Level and Shape Improvements
Structuring/negotiating	Operational risk, credit risk

PartnerRe