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## **Mortality “much lower” in annuities with living benefits: Ruark**

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By Editorial Staff    *Thu, Aug 9, 2018*

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Adverse selection is evidently no myth where longevity insurance is concerned. Variable and fixed indexed annuities “with living benefit features exhibit much lower mortality than those without,” according Ruark Consulting, the actuarial consulting firm.

Ruark has released its 2018 studies of variable annuity (VA) and fixed indexed annuity (FIA) industry mortality. Highlights include:

- Aggregate variable annuity mortality has declined 3% since 2015, attributable to a combination of underlying mortality improvement and changes in business mix.
- Mortality results vary by product features, contract size, and tax status. Most notably, contracts with living benefit features exhibit much lower mortality than those without.
- Ruark’s proprietary annuity mortality table provides a much better fit to VA and FIA experience than even recent standard industry annuity tables.

The studies are based on experience from twenty-seven companies from 2008 through 2017, and over \$1 trillion of current account values.

“We have 60% more data than our last studies, allowing for high credibility even when splitting results by multiple factors of influence,” said Timothy Paris, Ruark’s CEO.

“Moreover, we now have a lot more experience after the end of the surrender charge and bonus periods, commonly 7-10 years.

“As a result, these studies provide new and important insights into long-term annuity mortality, which should help issuing companies to refine their product designs, pricing, and risk management for these widely-used retirement savings and income products, particularly with pending changes to regulatory requirements,” he added.

Detailed study results, including company-level analytics and customized behavioral assumption models calibrated to the study data, are available for purchase by participating companies.

Ruark Consulting, LLC, located in Simsbury, CT, establishes industry benchmarks for principles-based insurance data analytics and risk management. It studies longevity,

policyholder behavior, product guarantees, and reinsurance. Ruark collaborates with the Goldenson Center for Actuarial Research at the University of Connecticut.

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