Ruark releases new mortality tables for VAs and FIAs

By Editorial Staff   *Wed, Jan 29, 2020*

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Ruark Consulting, LLC today released new industry mortality tables for variable annuity (VA) and fixed indexed annuity (FIA) products. The tables are derived from the company's 2018 studies of VA and FIA mortality, which comprised experience from over 16 million annuity contracts.

"Our new tables are purpose-built for deferred annuity products," said Timothy Paris, Ruark's CEO. "They are demonstrably better than standard industry tables for VA and FIA valuation. The Ruark tables reflect not only the effects of age and gender, but also differences by product type and contract duration. This is key to capturing different anti-selection profiles as the industry's mix of business changes."

The company is making the new tables immediately available, free of charge, to clients who have purchased Ruark's 2018 Mortality Studies. New purchasers of the 2018 studies will also receive the tables.

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

Ruark has produced aggregate VA mortality tables since 2007, in conjunction with the company's mortality studies. The new mortality tables expand that work for specific VA rider types and for FIA. They include a table for VA contracts with lifetime withdrawal benefits ("RVAM-LB"); a table for VA contracts without living benefits ("RVAM-DB"); and a table for FIA ("RFIAM"). All are single-life mortality tables. The tables reflect differences in experience by contract duration, which is an important component of mortality anti-selection.

The RVAM-LB table incorporates 34 million exposure years and 320,000 deaths on VA contracts with guaranteed lifetime withdrawal benefits (GLWB) or hybrid GMIB. The table is

calibrated to experience in contract durations 3 and later, with select factors for the earlier durations. In Ruark's 2018 VA Mortality Study, the company found that GLWB and hybrid GMIB mortality is lower than average at issue, and rises to an ultimate level over time.

The RVAM-DB table incorporates 29 million exposure years and 523,000 deaths on VA contracts without living benefits. The table is a select-and-ultimate table with a 5-year select period. In Ruark's 2018 VA Mortality Study, the company found that VA contracts without living benefits have higher mortality than average at issue. The RVAM-DB table reflects the varying magnitude of anti-selection by issue age.

The RFIAM table incorporates 16 million exposure years and 265,000 deaths on FIA contracts, both with and without lifetime income riders. Similar to RVAM-LB, the RFIAM table is calibrated to experience in contract durations 3 and later, with select factors for the earlier durations. The factors reflect lower mortality at issue, as found in Ruark's 2018 FIA Mortality Study.

Ruark Consulting, LLC (www.ruark.co), based in Simsbury, CT, specializes in principles-based insurance data analytics and risk management. As a reinsurance broker, Ruark has placed and administers bespoke treaties totaling over $1.5 billion of reinsurance premium and $30 billion of account value, and also offers reinsurance audit and administration services.