ASSOCIATION OF CONSULTING ACTUARIES

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Continuous Mortality Investigation
Institute and Faculty of Actuaries
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Dear Sirs

Mortality Projections Committee – Working Paper 137

I am writing on behalf of the Association of Consulting Actuaries in response to the above-named consultation issued by the CMI.

Our main comment on the consultation is that it would be useful if the CMI were to also give some additional functionality or scenario information, alongside the Model (so that it covers 'plausible mortality outcomes' as mentioned in point F under your objectives in 5.1.)

We agree that allowing users the flexibility to amend the weighting given to the data from 2020 is useful and will address the needs of many users, in particular those who believe that, or are considering a scenario where, the reality will be somewhere between two scenarios as follows:

a) Covid-19 forms part of a "new normal" and death rates continue to be higher for many years to come.
b) Covid-19 is largely eradicated as a cause of death (for example due to a vaccine or advances in treatments) and we go back to a level of improvements similar to where we were before.

However, as noted in Section 3.2 of your paper there are also some arguments that there may be an increased level of improvement in future life expectancies (in the short term at least) following Covid-19. For example, it could be argued that Covid-19 has simply brought forward deaths that were expected over the next few years and so we could see below average mortality in the next year or two. Many of our clients are likely to wish to look at the potential impact of this scenario (even if they deem it to be unlikely) so they can be comfortable that their assumptions are cautious enough (as this scenario would be expected to increase liabilities compared to (a) or (b) above), for example when setting prudent assumptions for scheme funding purposes.

In view of this, we propose that when the CMI_2020 model is released either users are given some guidance as to how to model this additional scenario, or the CMI publish some extra information to help users understand the potential impact of this scenario.

We hope that you find the contents of this letter of assistance. We would be happy to discuss them further if that is helpful. In that event, please contact me on 01372 733763 or at peter.williams@aon.com.

Yours faithfully

Peter Williams
Chairman, Pension Schemes Committee
On behalf of the Association of Consulting Actuaries Limited

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