New directions in the modelling of longevity risk

Andrew J.G. Cairns

Recent years have seen a proliferation of new stochastic models for forecasting future developments in mortality. But increasing complexity typically brings with it less robustness in forecasts and difficulties in extending to multiple populations.

We will discuss a new approach that focuses on the small number of key drivers of mortality, with the aim that these deliver robust forecasts for both single and multiple populations.

Applications include: Solvency II; multiple population diversification benefits; and effectiveness of longevity hedging strategies.