



ACTUARIAL SOCIETY 2015 CONVENTION

South Africa ... a lifestyle time-bomb?

Petro Appelo

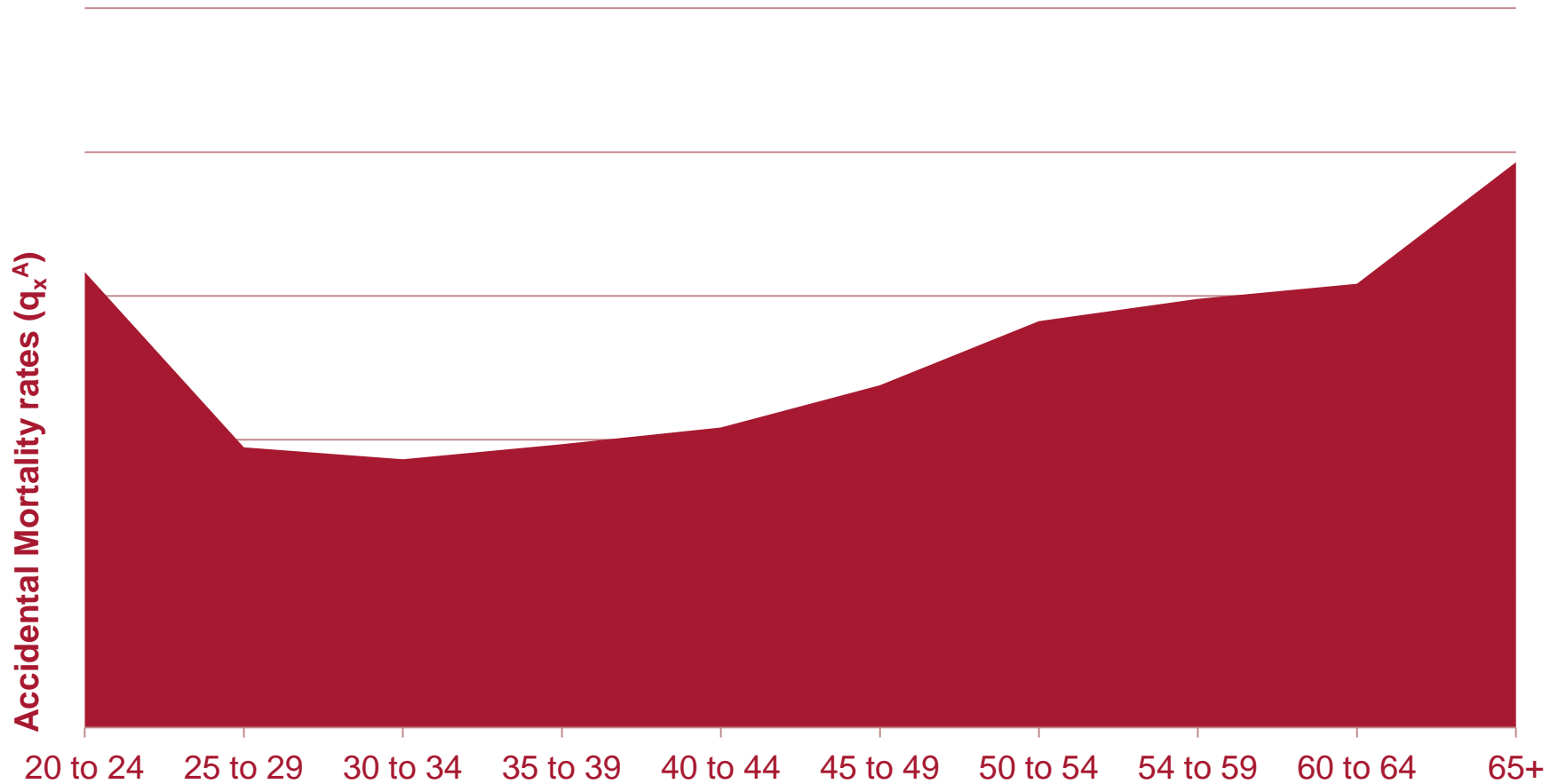
Business Development Actuary

Hannover Re

Lifestyle Factors

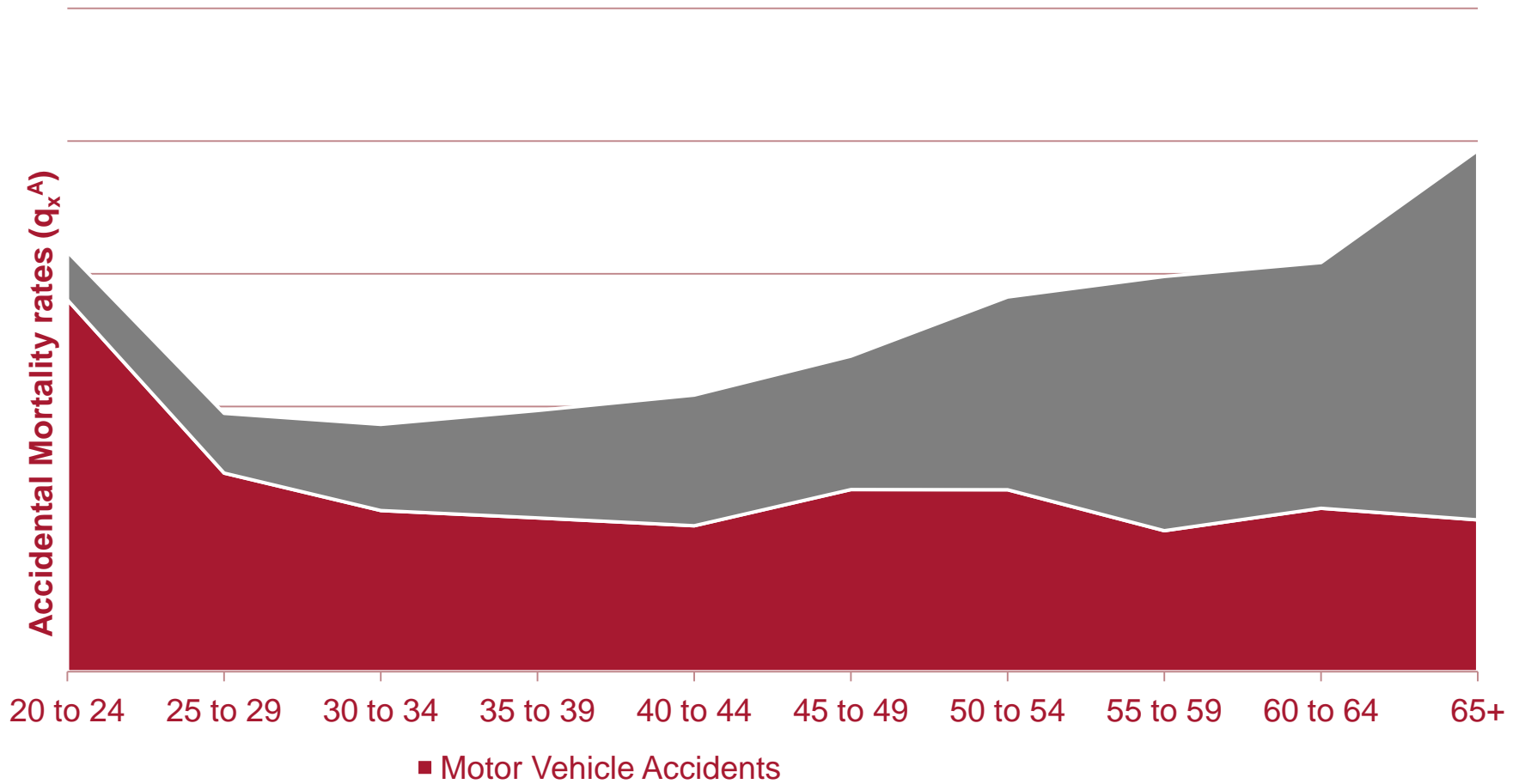


Expectation vs Reality



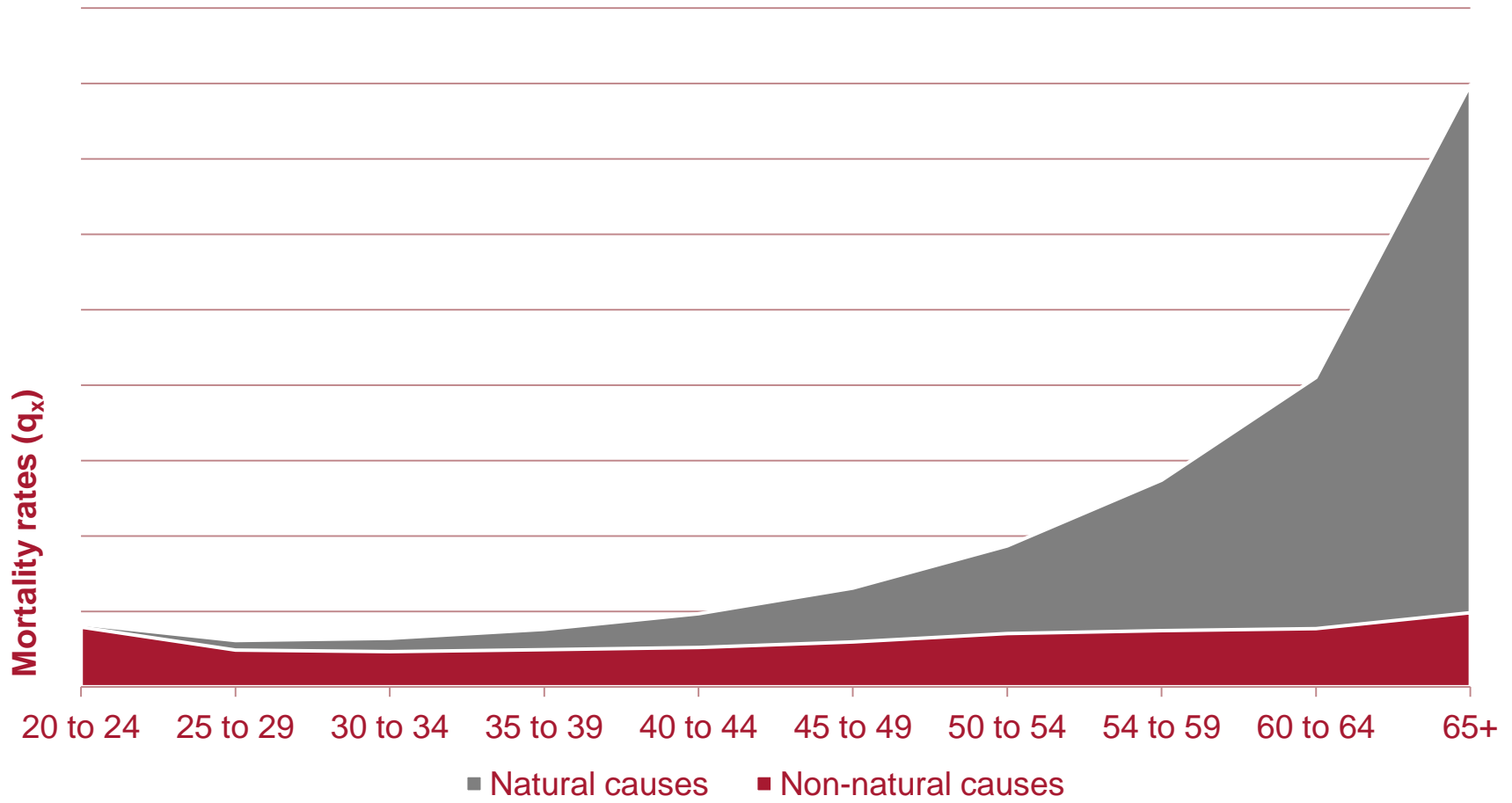
* Based on Hannover Re mortality tables

Expectation vs Reality



* Based on Hannover Re mortality tables

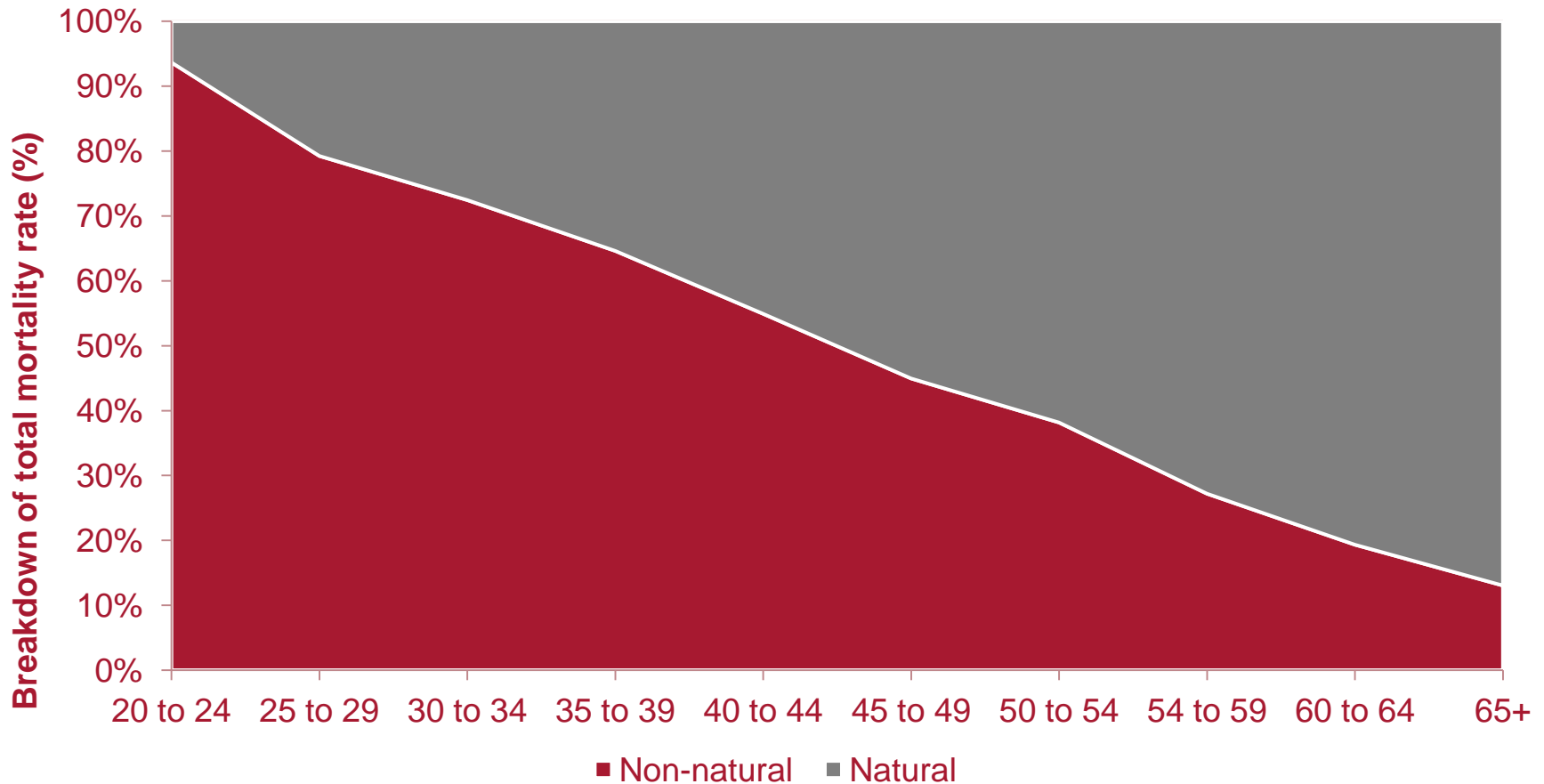
South African Insured Mortality Rates



* Based on Hannover Re mortality tables

South African Insured Mortality Rates

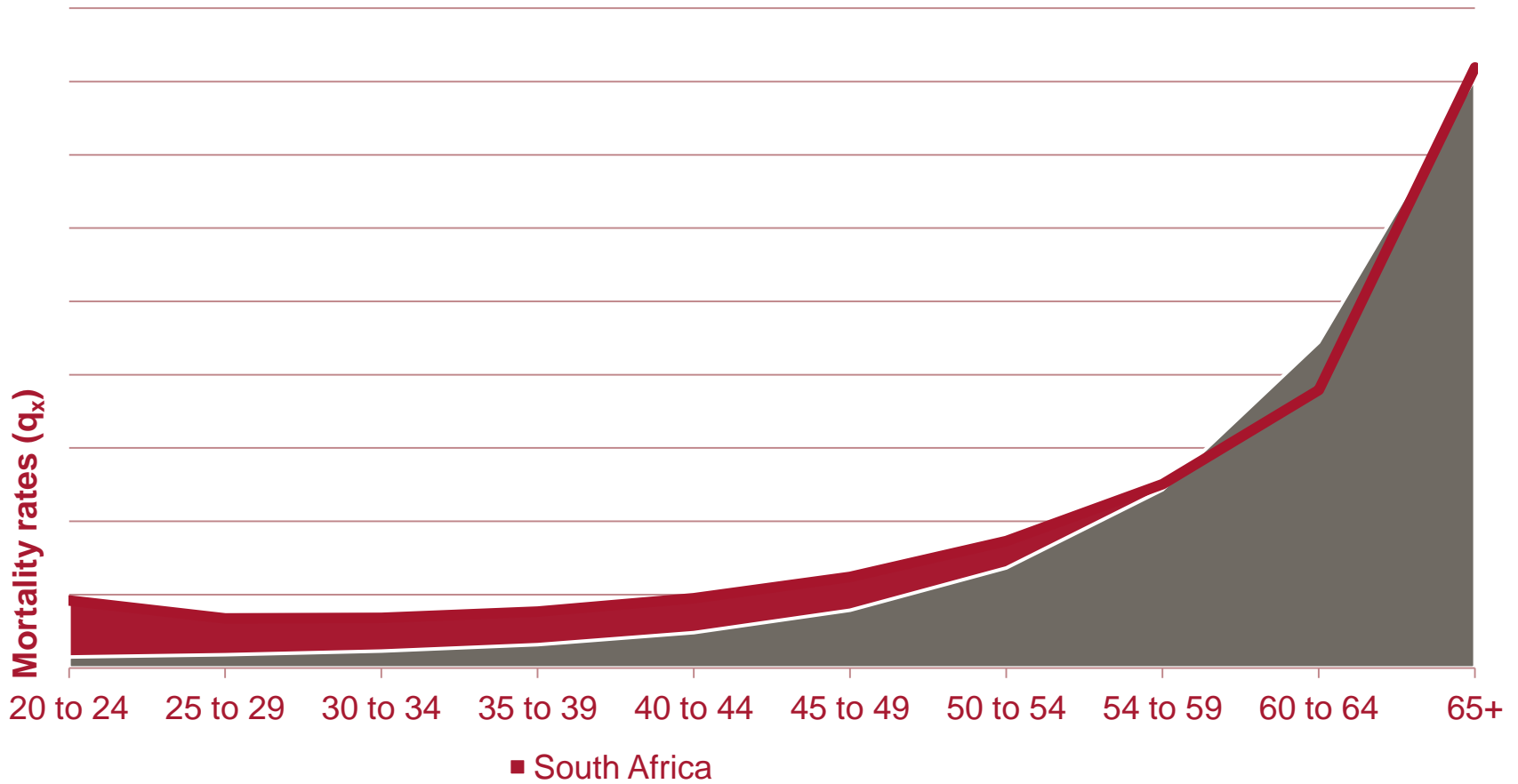
Breakdown of total mortality rate by Non-natural and Natural causes



* Based on breakdown of total claim amounts paid in market experience investigation

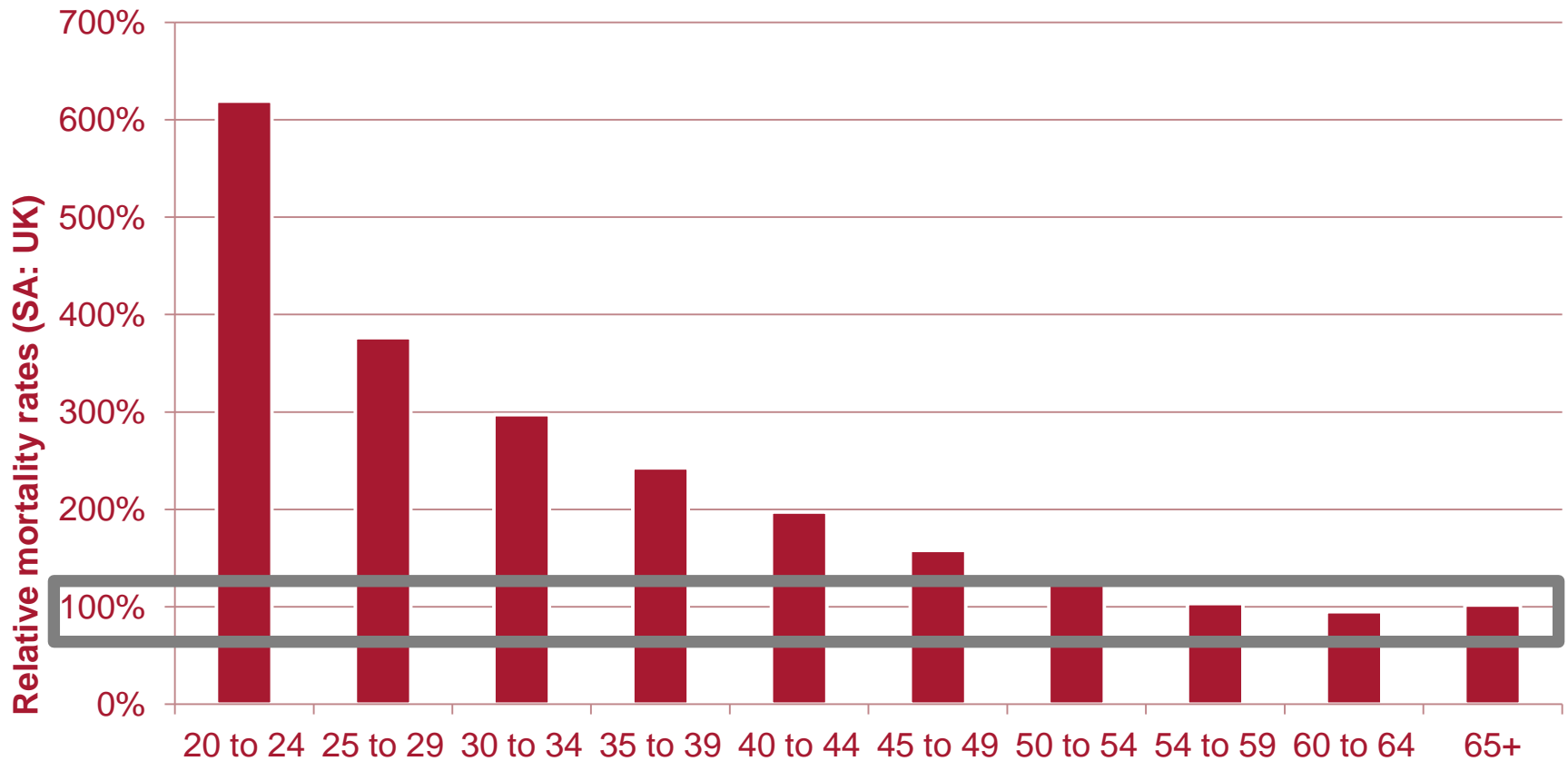
Results relative to Other Markets

Total mortality rates (q_x) for Male Non-smokers



Results relative to Other Markets

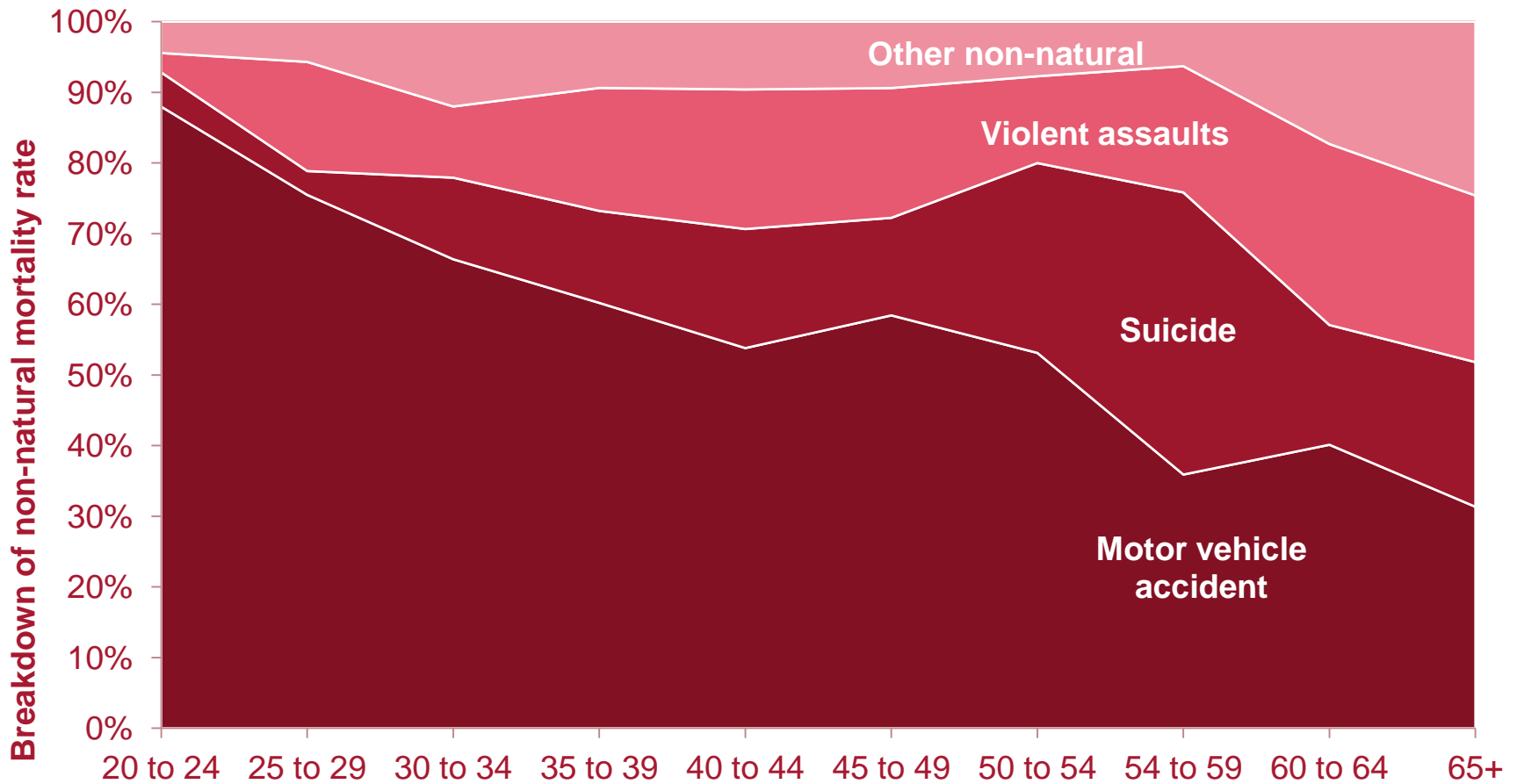
South African rates relative to United Kingdom rates for Male Non-smokers at Ultimate Durations



* Based on Ultimate rates used by Hannover Re in South Africa and the United Kingdom

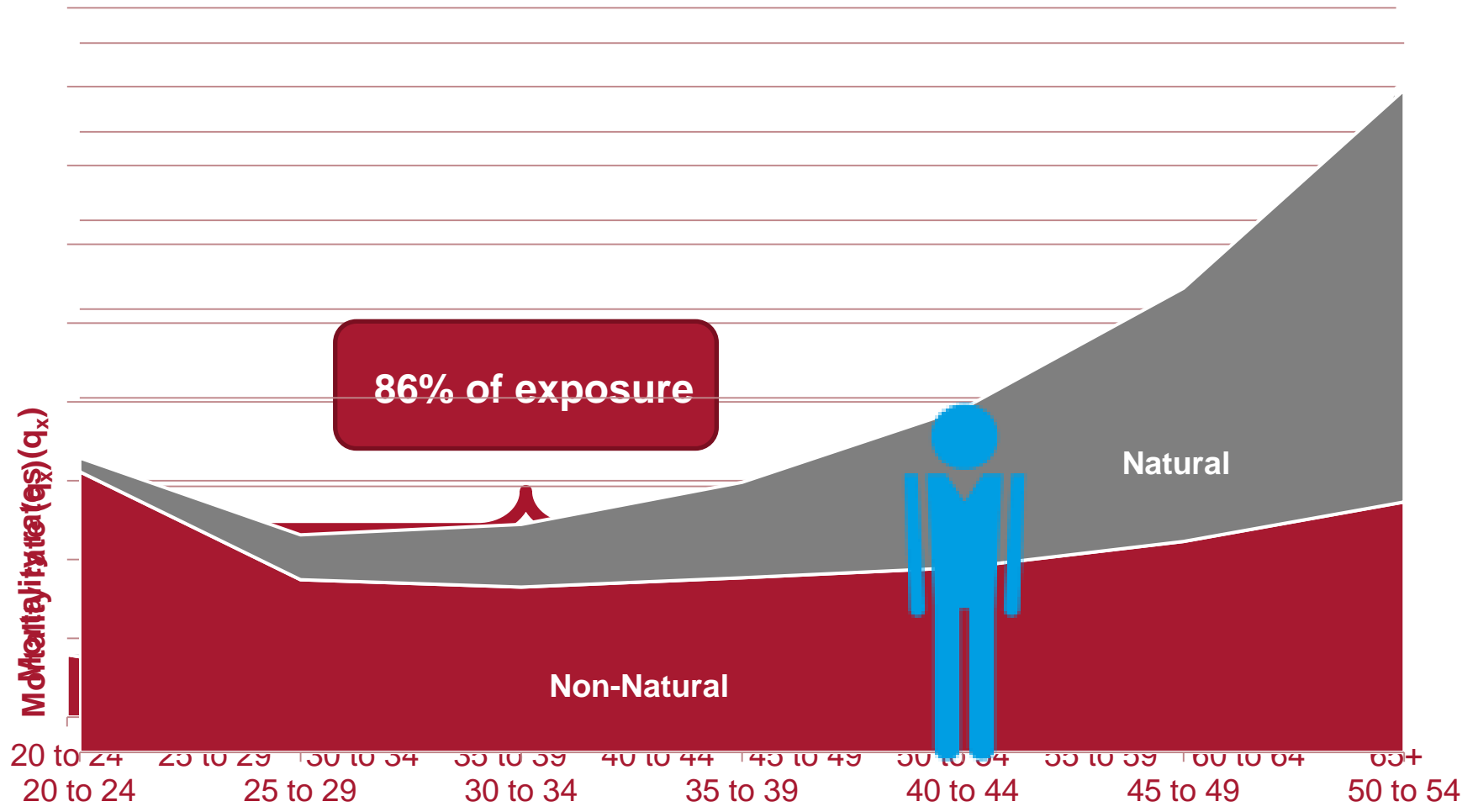
Non-natural causes

Breakdown of total Non-natural Mortality rate by Detailed Cause



* Based on breakdown of total claim amounts paid in market experience investigation

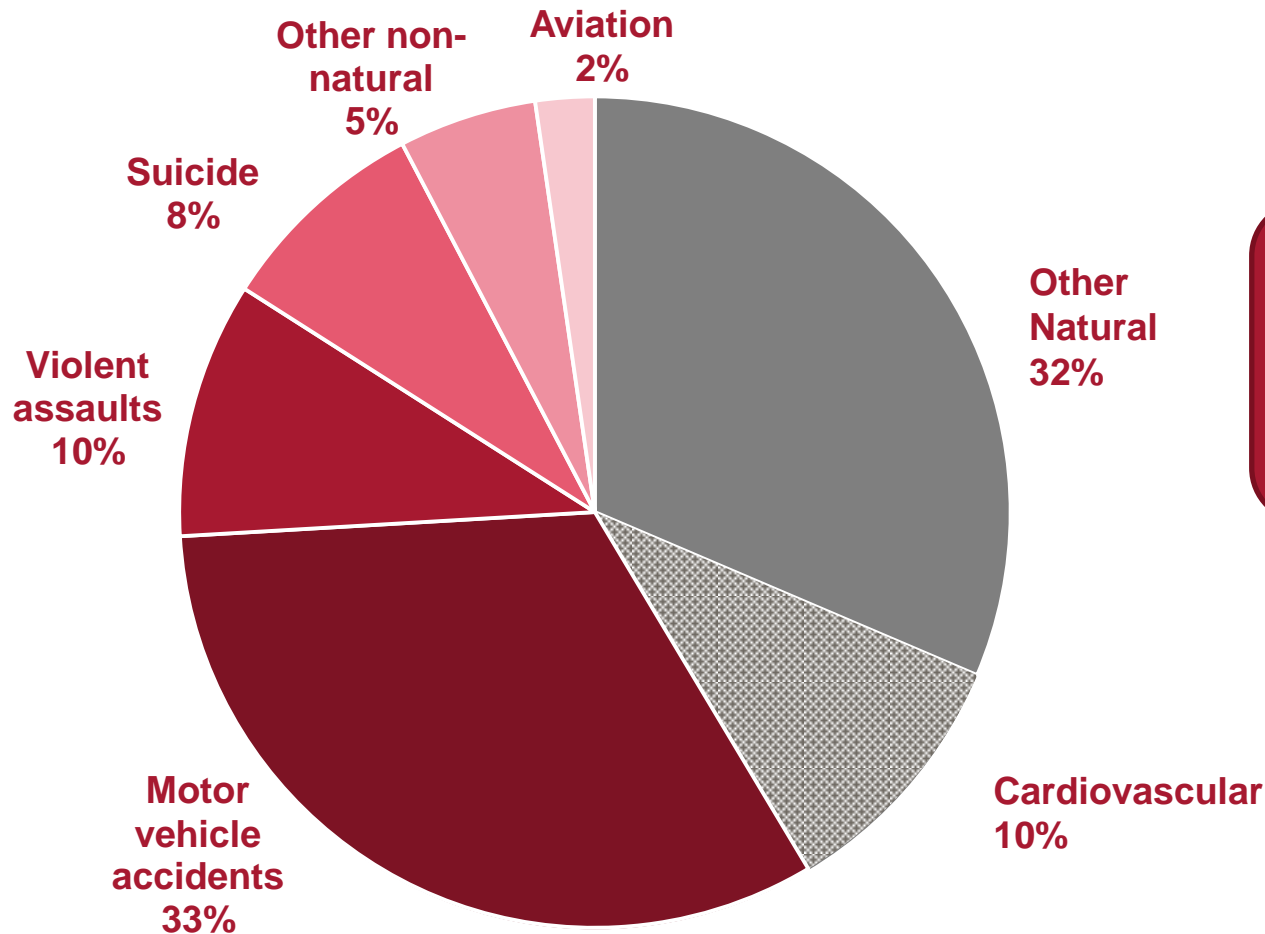
Risk Breakdown



* Based on Hannover Re mortality tables

How is this being taken into account in Life Insurance

Average 40 year old male



Underwriting Requirements:

- HIV test
- 30 medical questions

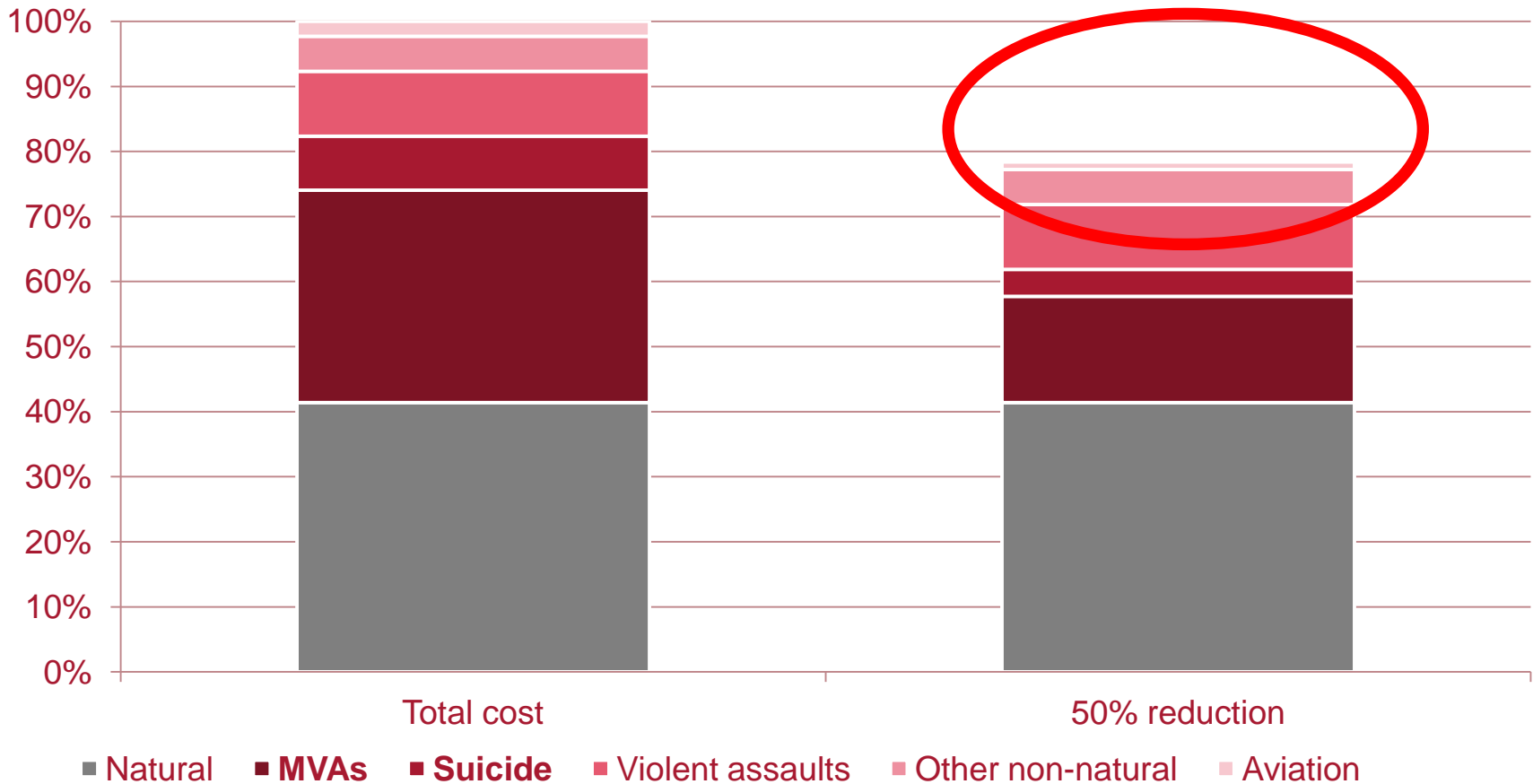
How is this being taken into account in Life Insurance

'Average' Joe



Potential cost reductions

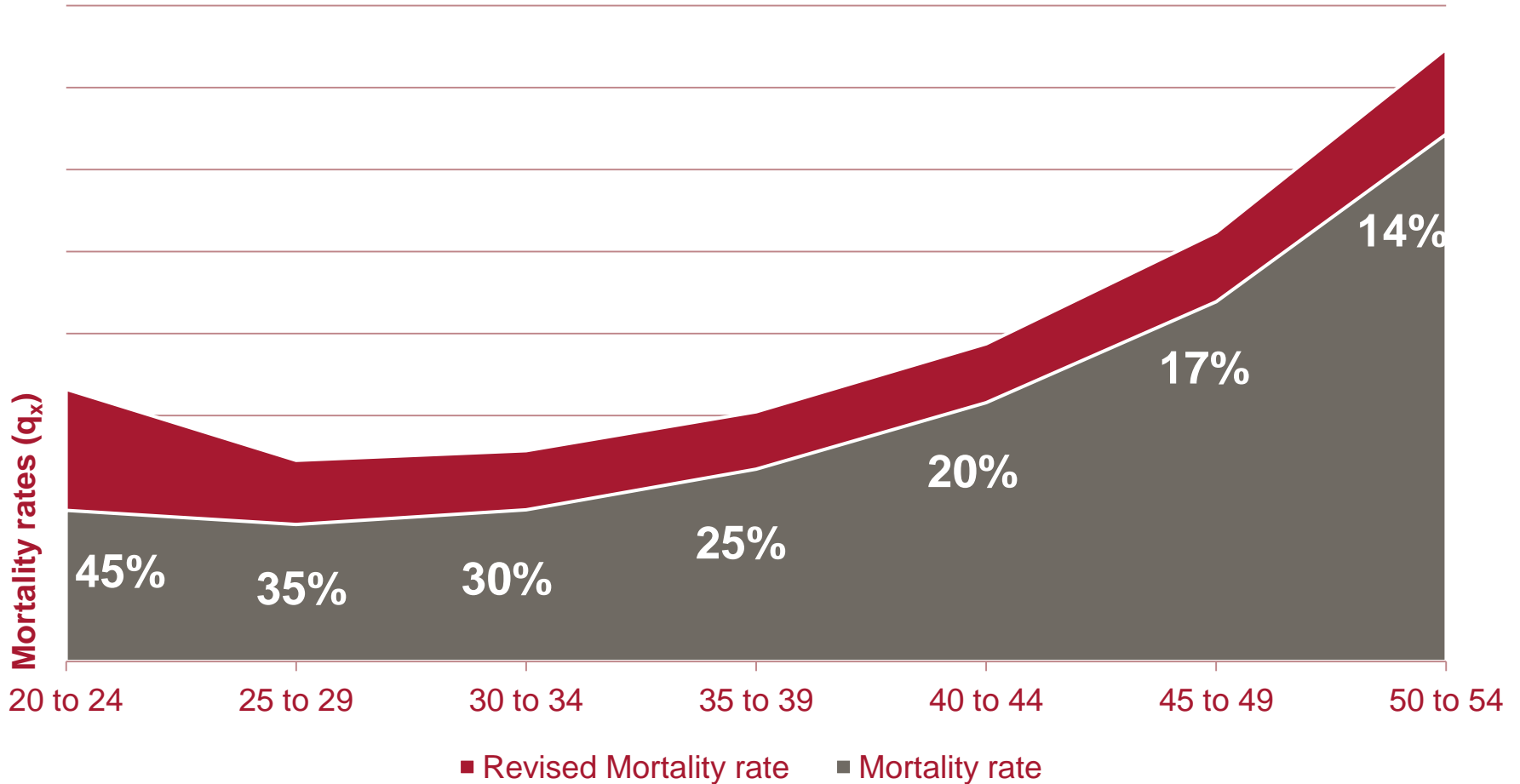
Average 40 year old male



* Based on Hannover Re market experience investigation

Potential Cost Reductions

50% Reduction in Certain Non-natural Causes



* Based on Hannover Re market experience investigation

Conclusion

Non-natural causes account for 43% of total claim amounts paid in industry

Research of risk misaligned to emerging experience

- Better use of information available
- Incorporating short-term risk assessment techniques

Understand profile of factors that contributes towards risk aversion or risk taking behaviour

Questions

