

From: Miller Keith
Sent: 20 June 2008
Subject: BAS Mortality Discussion Paper

Dear Sirs,

I am responding as an individual.

I would commend BAS for their work in producing the Discussion Paper. It was well-researched piece of work and I agree with the general thrust of the paper. Some specific comments before I turn to BAS's requests for comment.

I was surprised that there were no representatives from the Reinsurance industry on the Mortality Research Working Group. Reinsurers should have significant experience in this area and should be able to provide valuable insights.

It is noted in paragraph 2.24 that "...paragraphs 2.7 to 2.23 describe the role of assumptions concerning long term actuarial trends..." I feel that in this section there was too much emphasis on the importance of assumptions about trends and not enough on the importance of setting the base mortality assumptions appropriately. Whilst I appreciate that there is more scope for change over time and a wide variety of assumptions it is also quite possible to significantly miss-estimate the current underlying mortality and this also needs emphasis.

The paper focuses on mortality assumptions, although a lot of the issues covered apply equally to morbidity and critical illness assumptions. Will these be the subject of a separate standard setting process?

Paragraph 3

I agree that there is a need to communicate the extent and impact of the inherent uncertainty and I would advocate the need to show the impact of alternative assumptions (sensitivity illustration) and the illustrating the impact in comparison to the impact of eradication or significant reduction in a major illness.

I agree that it is desirable to have separate assumptions for base mortality and improvements and not take the form of a margin in another assumption.

I would agree that development of standard benchmarks for future changes in mortality would be helpful to the users of the information.

Paragraph 4

I agree that standards should be set.

Paragraph 5

I agree that standards should point to use of the most recently published, relevant tables with reasons being required to justify use of other tables.

Paragraph 6

I agree with BAS that there is no objective basis for using different improvement assumptions for a small group from the more general population.

Regards

Keith Miller

Head of Investments (Actuarial)
Bancassurance
The Royal Bank of Scotland Group plc,