

25th November 2008

**International Conference on Annuities Markets:  
Structure, Trends and Innovations**

*Proposal*

The importance of well functioning annuities markets and annuity product innovations has increased significantly due to several factors. First, demographic trends are leading to rapid individual and population ageing. Not only are individuals expected to live longer, but the proportion of the aged in total population is also expected to increase significantly.

Second, there is a degree of uncertainty about the precise trends in longevity in different countries. The tyranny of small numbers is especially relevant as in the face of such uncertainty insurance companies are likely to price annuity and other retirement products quite conservatively. In many countries, financial and capital markets do not have sufficient depth and variety of instruments to enable annuity providers to match assets and liabilities, particularly given the longevity uncertainties involved.

Third, the replacement rate obtained from the traditional social security systems based on universal social risk pooling is likely to decline, increasing the importance of individual retirement savings. In many Asian countries the traditional role of family for old age support is likely to decline. This will require individuals to rely on their own retirement savings to a greater extent.

Finally, in 2008, for the first time in history, a majority of the world's population is now urban. Combined with greater flexibility emerging in the labour markets, with traditional long term employment with one employer becoming less prevalent, urbanization trends have increased the need for retirement products including annuities.

It is in the above context that the proposed international conference will examine the issues and practices concerning annuities markets. The basic annuity product simply provides periodic payments that may extend through the life time of the purchaser. These are, however, unlikely to be adequate to address the increasingly varied and complex longevity risks. Similarly, exclusive reliance on insurance companies which have traditionally provided annuities is also unlikely to be sufficient. Therefore, innovations in annuity product design and in risk sharing arrangement between the government, insurance companies, and the annuity purchasers is required.

This Conference proposes to bring together the experts from around the world to assess the current trends and structure of the annuities markets in several countries; and to explore innovations in design, delivery systems and risk sharing arrangements involving annuities.

The Conference will be of relevance to the insurance industry, policy makers, and to those involved in financial and capital markets. It is hoped that one of the outcomes of the Conference will be to give direction to robust and policy relevant research on annuities in a collaborative manner involving all the major stakeholders, the government, the industry, and academic and research institutions.

### **Invited Reporters**

#### 1. Keynote Speeches

Gregorio Impavido (IMF), Mike Orszag (Watson Wyatt) and Pablo Antolin (OECD)

#### 2. Country Studies

Anthony Webb (USA, Boston College), Sue Lewis (UK, HM Treasury) , Olivia Mitchell (on Chile , Wharton School), John Piggott (Australia , University of New South Wales), Edward Palmer (Sweden , Uppsala University), Mukul Asher (on India, National University of Singapore), Haruka Urata (Japan, Towers Perrin) and Yukinobu Kitamura (Japan, Hitotsubashi University)

### 3. A Panel Discussion chaired by Robert Holzmann (Conditional Commitment)

**Proposed Dates**

THU 29th and FRI 30th January 2009

**Venue**

Hitotsubashi Collaboration Center, 10th Floor, Marunouchi Bldg., Tokyo (just in front of JR Tokyo station)

**Host Organization**

Project on Intergenerational Equity  
Center for Intergenerational Studies, Institute of Economic Research  
Hitotsubashi University, Tokyo

**Sponsorship**

Ministry of Education, Japan

**Advisor**

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National University of Singapore

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