A supervisory lens on emerging demographic risk

Mortality risk, prudential supervision and market innovation

Opening plenary framing for the mortality risk discussion

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SETTING THE QUESTION

Why mortality risk deserves renewed attention

Mortality risk is not new.
What may be changing is the role mortality protection can play in life insurance products — and how larger exposures may need to be managed, diversified and shared.

1 **Product development**

More meaningful *mortality protection may create* new opportunities for life insurers.

2 **Diversification and common shocks**

Routine mortality can be largely diversified; common shocks may create correlated exposures.

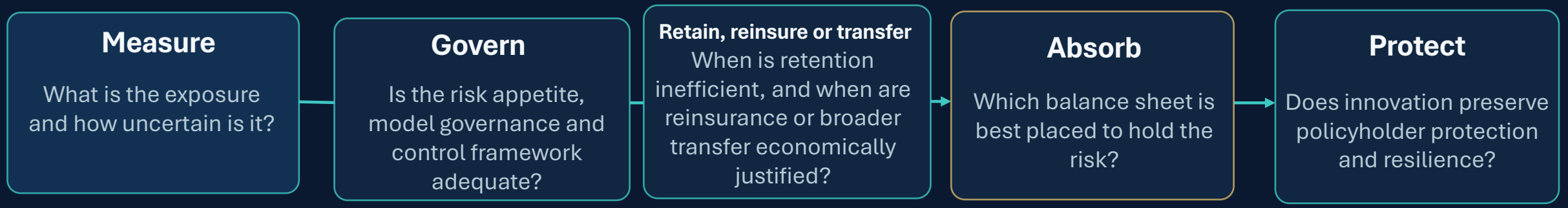
3 **Potential capital relevance**

If exposures grow in scale and concentration, capacity and resilience may become more material.

FROM MEASUREMENT TO CAPACITY

The supervisory question is sequential

A robust supervisory discussion should not start from the instrument.
It should start from the risk and move step by step.



Supervisory discipline means asking whether the risk is understood before asking whether it can be transferred.

PRUDENTIAL LENS

Innovation is welcome when it is disciplined

Product and risk-management innovation can be valuable — provided the underlying risk is transparent, governable and economically meaningful.

1

Data & models

quality, stress testing, model risk

2

Governance

risk appetite, oversight, accountability

3

Risk-sharing design

reinsurance, transfer structures, basis risk, legal clarity

4

Capacity & resilience

counterparties, accumulation, capital

5

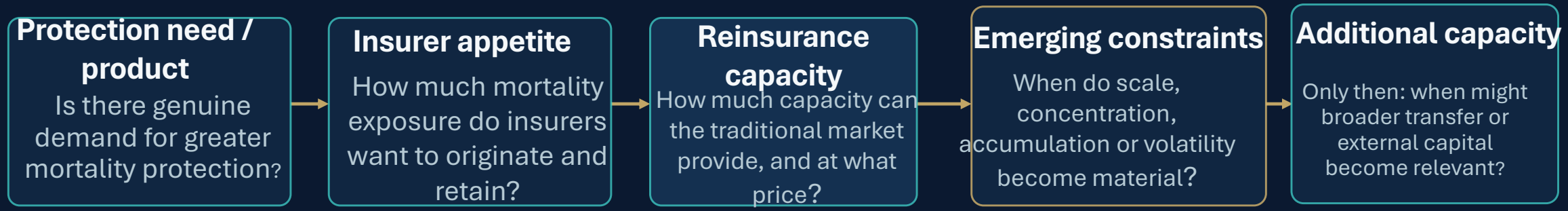
Policyholder protection

confidence, continuity, fairness

BRIDGE TO THE PANEL

A mortality risk market develops only if the protection and risk-bearing chain creates value

The market question should be tested step by step — starting from product needs and current capacity, not from a pre-set transfer solution.



The panel should first test how the mortality risk market can develop — and only then under what conditions a broader risk transfer market might become economically relevant.

CLOSING MESSAGE

The role of institutions is to make dialogue possible

Mortality risk sits at the intersection of science, actuarial practice, balance-sheet management, markets and public trust.

Science

drivers and evidence

Actuarial practice

measurement and stress tests

Markets

capacity and transfer

Institutions

prudence and trust

A useful market discussion begins when these perspectives are connected before solutions are assumed.

Supervision should not prescribe the market outcome, but ensure innovation rests on sound evidence, genuine economic need and policyholder protection.