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Press Release

Variable annuity study reveals 11% mortality increase due to COVID

With Ruark consulting acquisition, Milliman brings landmark variable annuity mortality studies in-house

SEATTLE – MARCH 16, 2022 – Milliman, Inc., a premier global consulting and actuarial firm, today announced that, with the acquisition of Ruark consulting, the industry’s leading variable annuity mortality studies will be rebranded as the Milliman Variable Annuity Mortality Study.

Milliman has just released the results of the 2021 study, which includes findings on the impact of COVID-19 through year-end 2020. The study reveals that mortality of variable annuity contract owners increased by 11% as a result of the onset of COVID-19.

“Annuity products provide significant lifetime income and death benefit guarantees to contract owners, so mortality rates are an important risk factor for annuity companies,” said Timothy Paris, now a consulting actuary with Milliman and the former chief executive of Ruark. “This study demonstrates that COVID-19 had and may continue to have a material impact on the variable annuity industry, and it provides the data-driven insights that variable annuity writers need to set assumptions in their pricing, valuation, and risk management.”

More broadly, the 2021 study confirmed prior evidence of strong mortality anti-selection based on the type of annuity guarantee features. Annuity owners with lifetime income guarantees tend to exhibit lower mortality in the early years after contract issue, while those with death benefit guarantees tend to exhibit much higher mortality. Mortality of annuity owners also varies based on other factors including contract size, tax qualified status, and distribution channel.

The study is based on data from 2008 through 2020, totaling \$674 billion in account value as of the end of the study period, with over 1 million deaths across 19 companies. It is available for purchase by calling Timothy Paris at (312) 873-9719 or visiting <https://www.milliman.com/en/insight/2021-Milliman-Variable-Annuity-Mortality-Study>. The most recent prior study was conducted in 2018.

About Milliman

Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. For further information, visit milliman.com.

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