

Lucy, D. (2002) Financial statistics at Edinburgh. Local group review. RSS News, 27(5) p.21.

Edinburgh local group meeting - Tuesday 15th January 2002 ICMS - Edinburgh

David Lucy¹

Life and death - what can we learn from them?

Richard Mccullagh - The Standard Life Assurance Company

Home insurance - the fight for survival

Kirsty Dalziel - Dunfermline Building Society

Alan Forrest - Base 3 Systems

Who thought the increase in lifespan over the last fifty years was a good thing? Not some life assurance companies apparently. Richard Mccullagh's talk to a packed room of analysts from Edinburgh's financial sector covered how assurance companies target customers, and how they set premium and contribution rates. However, the main thrust of Richard's presentation concerned how projections made in the early 1980's of lifespan increase substantially underestimated how long people are living now. For example, forecasts in 1980 suggested that in 2000 a sixty year old would live for a further 19 years, the actual figure was 21 years. This has led to a considerable shortfall in revenues, meaning an increase in pension costs if companies such as Standard Life are to meet their financial obligations. The meeting continued with a talk by Kirsty Daziel and Alan Forrest on the application of survival analysis to home insurance. Not how often homes burn down, but for how long people take out insurance policies before changing companies. Survival analysis applied in this way is a relatively new introduction to the insurance industry, and is part of a whole raft of data management methods introduced to modernise how the Dunfermline Building Society conducts it's business. Alan then went on to explain how features of his survival analysis could be directly traced back to changes in policy of the Building Society.

¹Centre for Forensic Statistics and Legal Reasoning, Department of Mathematics and Statistics, King's Buildings, The University of Edinburgh, Edinburgh, EH9 3JZ