

# Longevity Risk Management

Draxton Shiv paused his climb through the brush of the remote Colorado mountainside to catch his breath. *“Lucky thing there wasn’t a physical fitness component to the SOA exams,”* he thought and took another puff from his oxygen pack. But then what, if anything, that he had done on the job recently was covered by the exams? He looked up. *“Are those actual stars?”* he wondered at the dozen or so bright objects he could make out through the light atmospheric haze.

Suddenly he heard a loud bang! Splinters showered to the ground from a nearby tree branch which then itself gave way and fell to the ground. Draxton dove behind a large rock. *“Is he shooting at me?”* This recent case had had numerous twists and turns over the past few months, but this was really too much. Mortal peril was not a part of what he had signed up for.

Draxton’s thoughts went back to that day four years ago when the Head Actuary, Morgan Ruiz, had pulled him aside to offer him a transfer to a new role. *“Draxton,”* Morgan had said, *“you’ve got an ideal skill set for one of our openings in Product Management.”* Draxton had shown a unique ability for memorization; product filings, state statutes, marketing materials, it didn’t matter. Once a document was in his head he could quote it on demand. His skill had won him some money from his fellow students back in the days when they were studying for their FSA exams. However, everyone had quickly figured out that it wasn’t worth wagering against Draxton and soon the betting stopped. But word had still spread around Omnibus Insurance about Draxton’s talent.

*“I hear that maybe UL pricing isn’t for you,”* Morgan had continued.

Draxton shrugged. *“It’s fine,”* he had replied.

Word had also spread among his past managers that Draxton quickly got restless after a few months in a given position and was having trouble finding a role he enjoyed. He had already switched jobs internally several times following his completion of the normal rotation program. Still, Draxton was a little surprised that the big boss had come directly to him to talk job opportunities.

Morgan had nodded knowingly and continued on. *“Well, I’m wondering if you might be interested in this opening we have in Product Management that concerns our historic VA block. The position deals with... managing longevity risk. I gotta warn you though, it’s not for everybody.”* Draxton was intrigued. He didn’t know exactly what VA was, but he had seen it on the financial statements during one of his stints in Valuation. It was one of the Legacy blocks. Those contracts were old. Like, from the last century old.

*“I didn’t know we had any openings in Product Management,”* Draxton had blurted out. He winced inside. Maybe he shouldn’t be letting on that he viewed the job postings every week. Every week on the day when new postings went up, to be precise.

Morgan had smiled. *“Well, this job is almost always open and we don’t really post it. Like I said, it’s not for everybody.”*

*"Not for everybody,"* Draxton thought as he lay amongst the pine needles, sweat running down his neck in the muggy night air, *"no kidding."* He fumbled for the oxygen pack and tried to take a puff as quietly as he could.

Just then his Wrist-Device lit up with a new message. *"Got him,"* it read.

Draxton stood up and brushed himself off. The message had come from the Hunter he was working with on this assignment. The Hunters Draxton had worked with on previous cases tended to be swaggering braggarts, full of self-aggrandizing tales of previous chases where they had proved their cunning and bravery. Draxton despised them all. This Hunter, on the other hand, gave him the creeps. Over three months together she had never said a word, always communicating via text. He had never seen her face; she wore full body armor topped with a helmet and facemask with opaque goggles. Although clad entirely in black, the days they had spent in the Texas heat hadn't seemed to bother her at all. Nor had that horrific thunderstorm in Oklahoma, and apparently not running up a mountain in the dark either. But Draxton also got the sense that she was extremely good at her profession. If she had nabbed their quarry then he was sure any danger they might have faced was now in the past.

He tapped his WD to lock on to the Hunter's position and began making his way towards her. As he did, he mentally prepared himself for the task ahead. The pitch was the easy part. He had memorized the contract details as well as relevant statutes and legal precedents. If his vaunted memory did somehow fail him, all the information was one touch away on his WD. No, the hard part of meeting a super-old for the first time was not to flinch or let on any indication that their appearance disturbed you. The myriad choices of body mods available meant that no two super-olds resembled each other, but they all shared that sense of... not inhumanity, was inhumanity a word? Near humanity? Yeah, that was it. They all seemed nearly human, but somehow not quite there. And yet they were easily offended by any hint that the enormous sums they had spent on their bodies had left them off-putting in any way. Draxton's past interactions had tended to be short though. Which was good, as Draxton wouldn't want to have to spend a significant amount of time with any super-old. He'd rather spend a few more months with the creepy Hunter.

His thoughts began to drift as he hiked towards the flashing blue dot on his WD. When he had first learned the details of the job he had naively assumed it would be a piece of cake. How hard could closing out a bunch of old contracts be? And while his salary would still be the same as any other Assistant Actuary- Level 2 at the company, there was the bonus! For every contract he closed, he would receive 50% of his annual salary!

*"How many contracts are left?"* he had attempted to ask casually, while trying to calculate in his head how soon he could be a millionaire.

*"23,"* Morgan replied.

Figuring he could close two a month it seemed to Draxton he'd be done in a year. *"What do I do when I've finished all those?"* he asked, wondering if he might work himself out of a job.

Morgan had laughed. Really laughed, *hard*. For over a minute. *"Well,"* Morgan offered after regaining their composure, *"there's always LTC."*

*"Why do we even care about 23 contracts? How big are the payments?"* Draxton had inquired.

*"The payments are a nuisance," Morgan had replied, "but the market is starting to turn on companies that still have these things on the books. People are wondering if immortality is a legitimate possibility."*

*"Reinsurance?"* Draxton wondered.

*"Well at one time that was us. Or rather the companies that became Omnibus. The truth is, we're stuck with them. Better to write them off now if we can."*

Draxton had accepted the role and while it wasn't as easy as he had anticipated, he had managed to close six contracts in his first year and another six the following year. He had figured out which contract holders were likely to accept settlements and targeted those first. *"Low hanging fruit,"* Morgan had called those first dozen contracts, although Draxton didn't get the reference. He'd been to a farm back in elementary school; a 20 story building in downtown Atlanta. The fruit all sat in their trays at roughly the same height as far as he recalled. Regardless, after two years on the job he actually owned a house, which was unheard of for someone his age.

The third year proved more difficult. Draxton came to realize that many of the remaining contract owners were likely deceased. Deceitful family members were keeping up a charade of their livelihood in order for the payments to continue. In most jurisdictions, it was difficult to make someone show up in court just to show they were alive. Draxton had to travel around the country trying to find these people who may or may not exist. In several cases the client had suddenly "died" after Draxton began making inquiries. To Draxton's chagrin, because the payments had ceased due to the death of the policy holder, Omnibus considered these contracts not to have been closed by him. So no bonus. *"Company policy."* Morgan had shrugged. And then there was...

"Mr. Thomas Wilson?" Draxton spoke as he entered a clearing. A shape which he assumed was Wilson was sitting on a stump in the middle of the clearing. The Hunter had placed a small orb on the ground near Wilson that cast a warm glow throughout the open space. She was standing near a fallen log next to a backpack and long gun that Draxton didn't recognize. He assumed those objects belonged to Wilson. "My name is Draxton Shiv. I represent Omnibus Insurance and I'd like to discuss..."

"I know why you're here," Wilson interrupted. *"Ugh,"* Draxton thought, *"he's using the default voice."* Vocal cords tended to wear out after 100 plus years of use so a computerized box was typically installed as a replacement. Draxton didn't know why so many super-olds used the default on their voice machines. It was a metallic, yet wheezy tone, probably designed to encourage customers to upgrade to a pricier option. Draxton figured if he had the money for a complete voice box replacement he would spring for Chacka Bruhm, the action vid star, or maybe the voice that did the announcements on the subway.

Wilson looked up and met Draxton's gaze. His eyes had the cold, dead look of artificial replacements. Mechanical eyes had numerous advantages - capable of ridiculous zoom ratios and vision all along the light spectrum - but the makers still hadn't been able to capture the spark of life that organic eyes had. Synthetic skin, on the other hand was relatively life-like and Wilson's looked amazing. He had the appearance of a man in his 40's, possible late 30's, with just a hint of wrinkling around the eyes that was likely a cosmetic choice and not any wearing of the skin itself.

"First, I must apologize," Wilson continued. "I hope you weren't harmed by my clumsiness. Caught my foot on a tree root and dropped my rifle. I honestly thought it wasn't loaded. Guess the ol' memory

chips need tightening again.” He laughed with a sound that Draxton found ten times more off-putting than the voice.

“So... the poor little worldwide conglomerate feels they’ve overpaid me and they send you to collect. Is that it?” Wilson asked after he finished laughing.

“Well Mr. Wilson, the terms of your annuity contract...” Draxton began, but Wilson interrupted him again.

“You know, when I was your age I actually worked at the company that sold those annuities. I bought that contract on the advice of a friend on the pricing team.” Draxton had learned it was better to let the super-olds tell their stories. They loved sharing them and allowing them to drone on usually helped build a connection that made closing the deal a lot easier. So he resolved himself to settle in and listen for a while.

“Yep,” Wilson continued, “I actually borrowed some money from my dad to make it worthwhile. Put \$50k in at the beginning, had almost a million and a half by the time I needed to take the minimum distribution.”

*“For a guy who just made a joke about memory he sure has his numbers down,”* Draxton thought. Especially considering those values were from almost one hundred years ago.

“Of course, what my friends on the pricing team hadn’t considered, or maybe had considered but discounted as immaterial, was the impact of the escalator. My annual payment doubled in the first ten years I started taking payments. But I guess that was driven by market shocks no one could have predicted 50 years prior. And by then, due to those same market shocks, I didn’t really need the money anyway.”

That was the part that always killed Draxton. Besides some genetic luck, becoming a super-old required enormous wealth. The payouts on these lifetime withdrawal benefits were a pittance compared to what these people had accumulated. However, Morgan had warned him never to point out this fact during negotiations. *“The rich don’t get rich by turning down money that’s due to them,”* they had said. *“Even if they’ve received their initial investment back several time over, they view these lifetime benefits as their money. And they don’t like to part with their money.”*

Something about Wilson’s story struck Draxton though. “Wait, Mr. Wilson were you an actuary?”

Wilson nodded. “In what I think of as my first career, yes, I was. Ended up on the Investment team at one point though. Fell in love with stock analysis. Ended up managing my own fund eventually. Biotechnology was what we called the sector back then. Kind of gave me a leg up on where longevity was going, what it could be.”

“So then you probably understand the situation Omnibus is in. The annuity you purchased was priced with a mortality table that ended at age 115. An age you have surpassed by well over 50 years.” Draxton was hoping to appeal to Wilson’s sense of logic.

“Well then maybe instead of calling them ‘lifetime benefits’ they should have called them ‘until the end of the mortality table benefits’!” Wilson replied and Draxton could have sworn he saw a hint of mirth in his cold mechanical eyes.

Undaunted, Draxton continued to press his case. “And as an investor you must understand how the market continues to punish companies that retain even a handful of lifetime benefit contracts, given the uncertainty of how long the human lifespan might be extended. Finally, the Supreme Court decision of *Jackson vs. SwiBer Re* allows for insurance companies to retroactively collect any payments that extended unreasonably beyond the originally intended lifetime assumption.”

“Bah,” Wilson grunted, “to think I was happy when the personhood rights of corporations was extended to allow them to serve on the Court. Didn’t dream how that might come back to bite me. There were at least three insurance companies on the bench when that decision was rendered and none of them recused. Talk about conflict of interest.”

“Nevertheless Mr. Wilson, Omnibus is within its rights to recoup the payments you have received over the last 55 years or so. However, I am authorized to offer you several concessions.” This was the part of Draxton’s approach that usually hooked the client and brought them on board. As much as the wealthy liked keeping their money, they also liked *to win*. Giving them a sense that they were getting one last dig in at Omnibus was usually enough to get them to sign over the payments.

“Young man, do you really believe I would have led you on a chase across the country for the last three months if I was going to accept a deal?” The conviction in Wilson’s computerized voice made Draxton a little nervous. He looked at the Hunter and then slid his eyes over to the gun leaning against the log. The Hunter nodded that she understood and moved so she was standing between Wilson and his weapon.

“I have to admit, it has been quite an adventure trying to keep up with you.” Draxton hoped flattery would break the tension that had suddenly come over the situation. “I’m impressed at your ability to find so many places that still accept hard currency. That made tracking you a whole lot harder than we expected. I honestly thought we had lost you in Oklahoma.” He smiled in what he hoped was a convincing manner.

Wilson smiled back and made a sound that Draxton guessed was supposed to be a sigh. It sounded like an air hose had briefly sprung a leak. “I have enjoyed the cat and mouse game these past few months. I don’t know what came over me when I first got your request for a meeting and decided to hit the road then and there. I haven’t felt that thrill for a long, long time.” He sighed again.

“I will terminate my contract.”

Draxton’s kept his face emotionless while inside he leapt for joy. This was huge. Closing a case like this, after chasing across half the country? He was going to be a *legend* back at the home office. His inner celebration was premature however, as Wilson was not done speaking.

“...under provision A.”

Draxton’s emotions came crashing back to earth. He was momentarily stunned before he found the ability to speak. “Mr. Wilson, I think you might be confused.” *God, he sure hoped he was.* “Provision A is...”

“Payments will continue until the death of the contract owner. If you want to grab back those benefits you can sue my estate. That’s it, I’m done.” Wilson made a sweeping gesture with his hands.

“Mr. Wilson, I...I...I don’t understand. You just said these last few months...”

“They made me realize what I’ve been missing. Running from you two gave me a purpose. I realized I’ve spent so much of my life just trying to stay alive. For what? I live one more year to find another cure or another body mod that helps me live... one more year? And then, when I went down just now, tripping over a tree root that a truly young person would have hopped over without a thought, nearly killing you with my clumsiness and forgetfulness. No, I’ve had a good run, but I’m done.” He emitted another whistling sigh.

“Mr. Wilson, the amount of money in questions is a pittance to you,” Draxton didn’t know what else to say and figured the normal rules were out the window. “Surely you have some foundation or business to give you purpose?”

“Son, I am 172 years old. Assuming I still remember that right. I have no connection with people today. No one remembers the movies and shows I grew up with. I haven’t seen anyone reading an actual book in decades. And music has sucked for over a century. My only peer group is a bunch of lonely old losers tucked away on their yachts or in their compounds. Not that I’d want to visit any of them.”

“What about family?”

Wilson looked up at the sky. “Jennifer, my wife, she never bought into my desire to extend life. She thought we all had a limited time here on Earth and we should make the most of it since we don’t know how long we have. We were in our 80’s when the cancer vaccines were perfected. She didn’t want ‘em. She wanted to go out ‘naturally’ she said. I guess she did. Passed away in her sleep at 92. The kids, well, they looked at their mom’s life, and they looked at me, and they all followed her. Over the years I buried them all, and their spouses, next to Jen. The grandkids, well they took their vaccines but they’re out on the body mods. Don’t want to end up like me. I think they see me as a freak of sorts. And now they’re starting to go too.”

Draxton was at a loss for words. He thought Jennifer was one of the weirdest names he had ever heard, but all these super-olds had names like that. Plus that probably wasn’t the most important thing he should take away from Wilson’s speech.

After a long, long, pause Draxton finally spoke. “Mr. Wilson, I need to ask you to confirm your decision one more time. We can get your lawyers online if you would like to consult with them.”

“No,” Wilson spat, (or would have if he still had saliva glands), “my decision is final. I’m taking provision A.” He glanced over to the Hunter. “I’m assuming your associate will be able to provide me assistance.”

Draxton saw that the Hunter had unrolled a soft sided case filled with vials and needles. “*Where had she even had that?*” he wondered. He shivered at her callous proficiency. “Is there anything else I can do for you, Mr. Wilson?” he asked.

“You can come over here and shake my hand,” said Wilson, holding out his right hand.

Draxton had learned this practice from his early clients. All the super-olds seemed to require this rite to conclude a business deal. Draxton walked towards Wilson. If Wilson noticed the tears in Draxton’s eyes he didn’t acknowledge them. Instead he said, “You’ve got a mighty tough gig, son. This ‘mortality table enforcement’. You’re damn good at it though.” They shook hands and Draxton turned to leave.

Wilson turned and looked up towards the top of the mountain still shrouded in darkness. "You know," he said, "I remember when they used to get snow up here."

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As Draxton walked down the mountain towards where they had left their vehicles, his WD lit up with an incoming message. It was from the Hunter. "Job's done," it read, "looking forward to working with you again in the future."

*"Like hell,"* Draxton thought. When he got back into the office the first thing he was going to do was apply for that job in Experience Studies.