

# Continuous Mortality Investigation (“CMI”) Consultation on CMI\_2022

*I am writing on behalf of Lane Clark & Peacock LLP in response to the Mortality Projections Committee’s consultation regarding the next version, CMI\_2022, of the Mortality Projections Model (the “Model”) as set out in Working Paper 168.*

*Lane Clark & Peacock LLP (“LCP”) is a firm of financial, actuarial, health and business consultants, specialising in the areas of pensions, investment, health, insurance and business analytics.*

We recognise that it is currently a difficult time to model mortality improvements and we are grateful that the Committee has chosen to consult with the Model’s users about its intentions. We are broadly supportive of the Committee’s proposal and have set out answers to the questions posed below.

**1a) Considering the broad approach, rather than detailed parameter values, do you agree with our proposal for a gradual return to 100% weights, rather than an immediate return to 100% weights for 2022 data onwards, a change to the period smoothing parameter, or another approach?**

In principle, we agree with the Committee that they should intend towards placing full weight on future data in future versions of the Model.

However, we feel that it is not particularly helpful to set expectations as to what these weights may be ahead of time, even with the proposed caveats. Our view is that the Committee should be free to react to the data as it emerges without being incumbered or anchored by previous values it has proposed or expectations set (even if those proposals were illustrative).

Given the uncertainty, we feel the focus should be on the principles and objectives for future versions.

**1b) If not, what is your preferred broad approach for CMI\_2022? Please say why you prefer that approach.**

We are supportive of the Committee’s preferred approach.

**2a) If we do follow the approach of a gradual return to 100% weights, do you agree with the weight of 25% that we have proposed for 2022 data in CMI\_2022?**

We acknowledge that it is a difficult and subjective decision about the weight to place on the 2022 data.

A steer on the weighting to place on the 2022 data is helpful as many users may default to the core parameters.

We note that the consultation does not provide a rationale for the size of the fall in life expectancies, instead referring to what it believes is “excessive”. Further insights here may be useful for users.

On balance, we feel that a weight of 25% is a reasonable value given the changes in life expectancy from CMI\_2021 that it produces.

That said, we will be encouraging our clients to carefully consider whether the core value of the w2022 parameter is suitable for their purposes.

**2b) If not, what would be your preferred weight for 2022 data? Please say why you prefer that weight.**

We are supportive of the Committee’s preferred approach.

**2c) If we do follow the approach of a gradual return to 100% weights, do you broadly agree with the weights that we have tentatively indicated for data in 2023 (50%), 2024 (75%) and 2025 onwards (100%)?**

As discussed in our response to 1a) we would prefer the Committee to not set any expectations on future values of the weights to data. Instead, we would prefer the Committee to adopt a principle of placing as much weight to future data as possible and to consider what this means for the projections as data emerges.

**2d) If not, what would be your preferred weights for data in these years? Please say why.**

As discussed in our responses to 1a) and 2c) we would prefer the Committee to not set any expectations on future values of the weights.

**3) Do you agree that the weights for 2020, 2021 and 2022 should be Extended parameters in CMI\_2022? If not, please say why.**

We are supportive of the Committee's preferred approach.

**4a) How likely would you be to use CMI\_2022 with a similar approach to our proposal at some point, even if not adopting it immediately? Please provide your response as an approximate probability (i.e. 100% = would definitely use it, with a 2022 weight of 25% or similar; 0% = would not use CMI\_2022 at all or would take a materially different approach to reflecting data for 2022).**

In our role as an advisor to Trustees and Sponsors of defined benefit pension schemes it is our clients, rather than ourselves, who would be adopting the CMI\_2022 model.

That said, we would expect many of our clients to view the Committee's proposed approach for CMI\_2022 as reasonable.

However, we will be encouraging our clients to carefully consider whether the core value of the w2022 parameter is suitable for their purposes – some may choose to adopt the proposed core parameters.

Our clients use the model for a wide range of purposes, so placing a probability of the likelihood is tricky - maybe 50%.

**4b) If you are unlikely to use CMI\_2022, please say why not.**

We would expect most of our clients to use the CMI\_2022 model in some capacity. However, many may choose to use a different value of w2022 than set out in the core version of the Model.

**5a) Do the changes in life expectancy in Tables 6.1 and 6.2 seem reasonable to you, based on what we currently know about the impact of the pandemic?**

We believe that the changes in life expectancy set out in tables 6.1 and 6.2 seem broadly reasonable.

That said, we acknowledge that the Model is calibrated to the overall population of England and Wales and that emerging evidence suggests that different subsets of the population have experienced (and will continue to experience) the impacts of the pandemic and pressures on the healthcare system differently. We would appreciate further analysis from the CMI on this where possible.

**5b) If not, please say why not and give your view of a reasonable change compared to CMI\_2019.**

We are supportive of the Committee's preferred approach.

**6) Do you have any further comments on our proposals, or any other aspect of the Model?**

As discussed above, we are grateful for the Committee for consulting on their proposals for CMI\_2022, and for confirming the Model will be released in June.

We welcome that the Committee have explored alternative solutions to the difficulties of incorporating post-pandemic data into the Model. Whilst we believe that a continued approach to weighting parameters is one of the best solutions available at this time, we would encourage the Committee to continue to seek and assess alternative solutions.

We are supportive of the Committee's decision to delay the release of the CMI\_2022 to incorporate updated population estimates.



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