

## **Informed intermediation of longevity exposures**

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### **Abstract**

We examine pension buyout transactions and longevity risk securitization in a common framework, emphasizing the role played by asymmetries in capital requirements and mortality forecasting technology. The results are used to develop a coherent model of intermediation of longevity exposures, between defined benefit pension schemes and capital market investors, through insurers operating in the pension buyout market. We derive several predictions consistent with the recent empirical evidence on pension buyouts, and offer insights on the role of buyout firms and regulation in the emerging market for longevity-linked securities. A multi-period version of the model is used to explore the effects of longevity securitization on the capacity of the pension buyout market.