



# Comments on: “Annuities Market”

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# General Comments:

- In DC schemes the transition from the accumulation phase to the retirement period is a complicated issue:
  - Investment alternative that hedges interest rate risk
  - Differed annuities
  - Programmed withdrawal or other alternative that gives flexibility for the date of annuitisation
- The alternative of Programmed withdrawal might be important
- Complex market where it is difficult to compare products
  - Early retirement
  - Disability or early retirement pension
  - Programmed withdrawal of annuity
  - When to annuitise
  - Different types of annuity



# The SCOMP: electronic market for annuities

## The SCOMP

### **Electronic market for annuities:**

Closed market for companies allowed to sell annuities or programmed withdrawals

(6 AFP, 23 LIC, 751 brokers)

### **Blind system:**

All companies receive relevant data of a potential pensioner and voluntarily make offers

**Allow each individual to obtain, at no cost, all relevant offers of annuities or PW for her.**

### **Several possibilities:**

Bargain (offer must exceed minimum offered in SCOMP)

Auction

# What does SCOMP do?

## Affiliate

1. Makes quotes through an AFP, Insurance Company or broker



## Participants



AFP

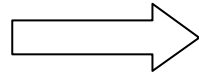


Life Insurance Companies



Insurance brokers

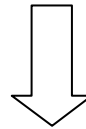
2. Participant sends quote to the system.



## System



5. Informs the Affiliate

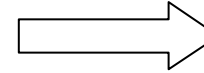


## Affiliate

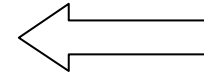
6. After receiving offers affiliate may choose between the following options:



3. System sends quotes to suppliers



4. Suppliers send pension offers to the system



## Suppliers



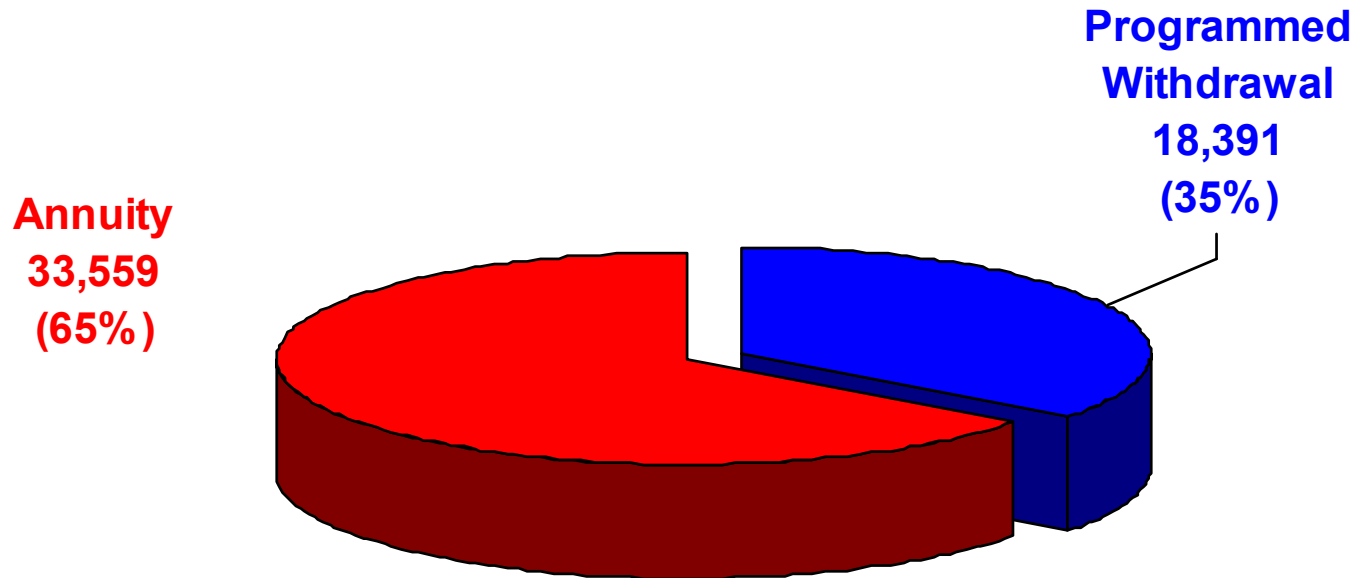
AFP



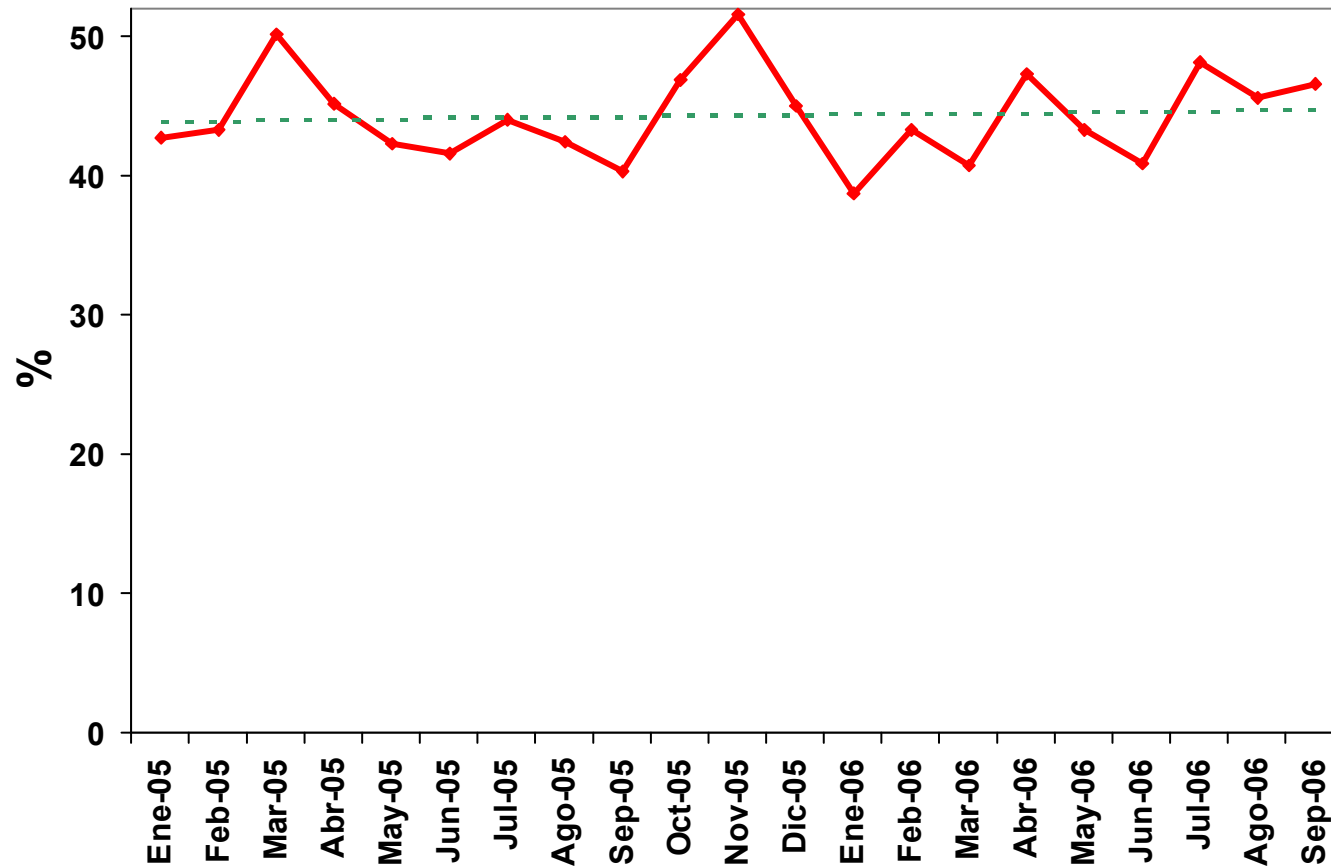
Life Insurance Companies

- Make a new quote
- Select an offer and obtain a pension
- Request an external offer
- Desist from pensioning
- Request a bidding process

...And 65% of selected modalities are annuities



# We want that people take well informed decisions



**Percentage of request accepting the best offers**



# Challenges ahead

- Better information to affiliates
- Alternatives for the transition from accumulation to retirement
- Investment alternatives for life insurance companies:
  - Manage better longevity risk
  - Long term instruments