

From the thirty maidens to contemporary products

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Several contemporary financial instruments rest on the same logic as the Genevan schemes: the assessment and pooling of longevity risk.

Life annuity policies, offered by insurance companies, convert a capital sum into an income for life. Unlike the French state of the eighteenth century, insurers price these annuities according to the age and sex of the insured, using mortality tables that are regularly updated. The “conversion rate” of Swiss pension funds, which determines the annual pension paid for each franc of retirement savings, is the subject of recurring political debate precisely because the lengthening of life expectancy alters the actuarial balance.¹

Longevity risk transfers allow pension funds to pass on to insurers or investors the risk that their beneficiaries will live longer than expected. These transactions, which have grown in scale in the twenty-first century, particularly in the United Kingdom, take the form of bulk annuity buy-outs, longevity swaps or longevity-linked securities.²

The “life settlements” market, which consists in buying life insurance policies from their holders and collecting the sum assured on the death of the insured, recalls the Genevan schemes even more directly, since the investor’s return depends on the lifespan of a person who is a stranger to him. This market raises ethical and regulatory questions, and several jurisdictions regulate it strictly.³

Genevan wealth management also uses life insurance as an instrument of estate planning, notably in the form of single-premium policies taken out with insurers established in certain European countries, which make it possible to structure the transfer of an estate.⁴ These solutions must comply with the tax and transparency rules of the countries concerned, on pain of recharacterisation.

Contemporary instrument	Logic shared with the thirty maidens	Principal difference
Life annuity policy	conversion of a capital sum into an income for life	pricing according to age and sex
Longevity risk transfer	pooling and transfer of lifespan risk	regulated counterparties, fine-grained actuarial data
Life settlements	return dependent on the life of a third party	ethical and regulatory framework
Longevity-linked securities	securitisation of a mortality risk	organised markets, credit ratings
Life insurance for estate planning	structuring of the transfer of wealth	succession and tax objectives

1 Notes

1. Federal Social Insurance Office, “Réforme de la prévoyance professionnelle (Réforme LPP)” (bsv.admin.ch): the reform would have lowered the minimum conversion rate “from 6.8% to 6.0% for the mandatory part of occupational pension provision”; “On 22 September 2024 the Swiss people said no to the reform of occupational pension provision”; for retirement savings of CHF 100,000, the annual pension amounts to CHF 6,800. ↩
2. WTW, “WTW forecasts £70bn in pension bulk annuity and longevity swap transactions in 2025” (27 January 2025): “The UK defined benefit pensions derisking market is likely to see £50bn in bulk annuity transactions and £20bn in longevity swaps in 2025”, after nearly £60 billion in 2024; Artemis, “Lloyds Bank pensions transfer £4.8bn longevity risk. 2025 a record year for volumes” (December 2025): more than £31 billion of reinsurance-backed longevity swaps in 2025, a record for the sector. ↩
3. Wikipedia (en), “Life settlement”: the sale of an existing life insurance policy to a third-party investor; the judgment in Grigsby v. Russell (1911) recognising the policy as transferable property; the rise of viatical settlements during the AIDS epidemic of the 1980s; NAIC Viatical Settlement Model Act (1993), NCOIL Life Settlements Model Act (2000); 43 states regulating the sector in 2011; 3,241 policies purchased in 2020 (USD 4.6 billion of face value). ↩

4. Wikipedia (en), “Private placement life insurance”: “a form of cash value universal life insurance that is offered privately” (without public offering), reserved for a wealthy clientele (initial investment often exceeding one million dollars), used “as a substitute for a trust or Foundation or to strengthen existing structures”; jurisdictions cited: Luxembourg, Ireland, Liechtenstein, Singapore, Barbados, Bermuda; a 2024 United States Senate report criticising its use for the purpose of avoiding estate taxes. ↩

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