



# SERT Discussion

Dec 10, 2024

# Model Change Impact on SERT Scenarios

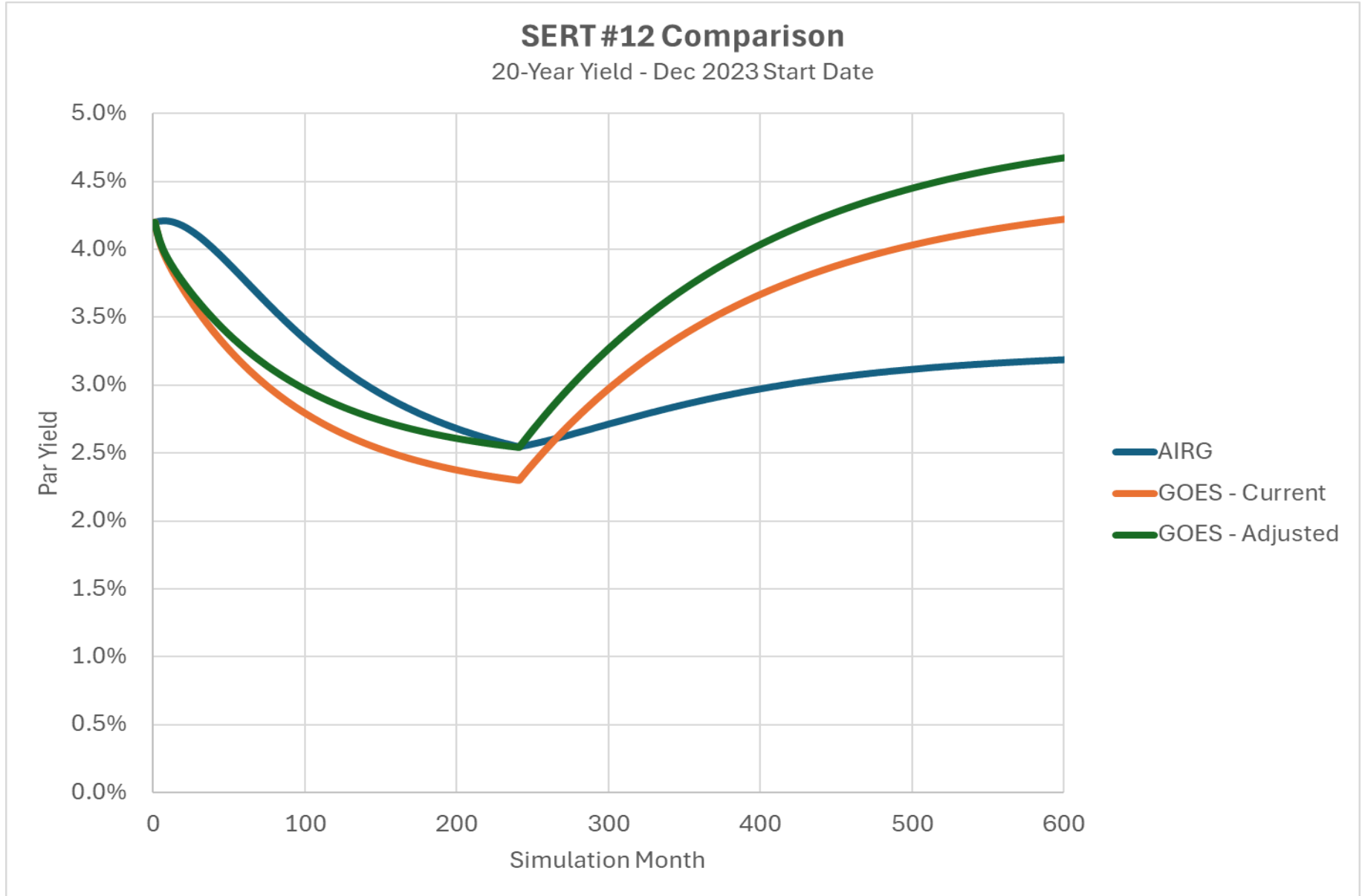
## Lots of concern with impact of changes on SERT Scenarios

- Particular focus on the Deterministic Reserve scenario (i.e. #12)
- That one is used for reserving calculation, so it's the most important
- Concerns that the results are “too extreme”

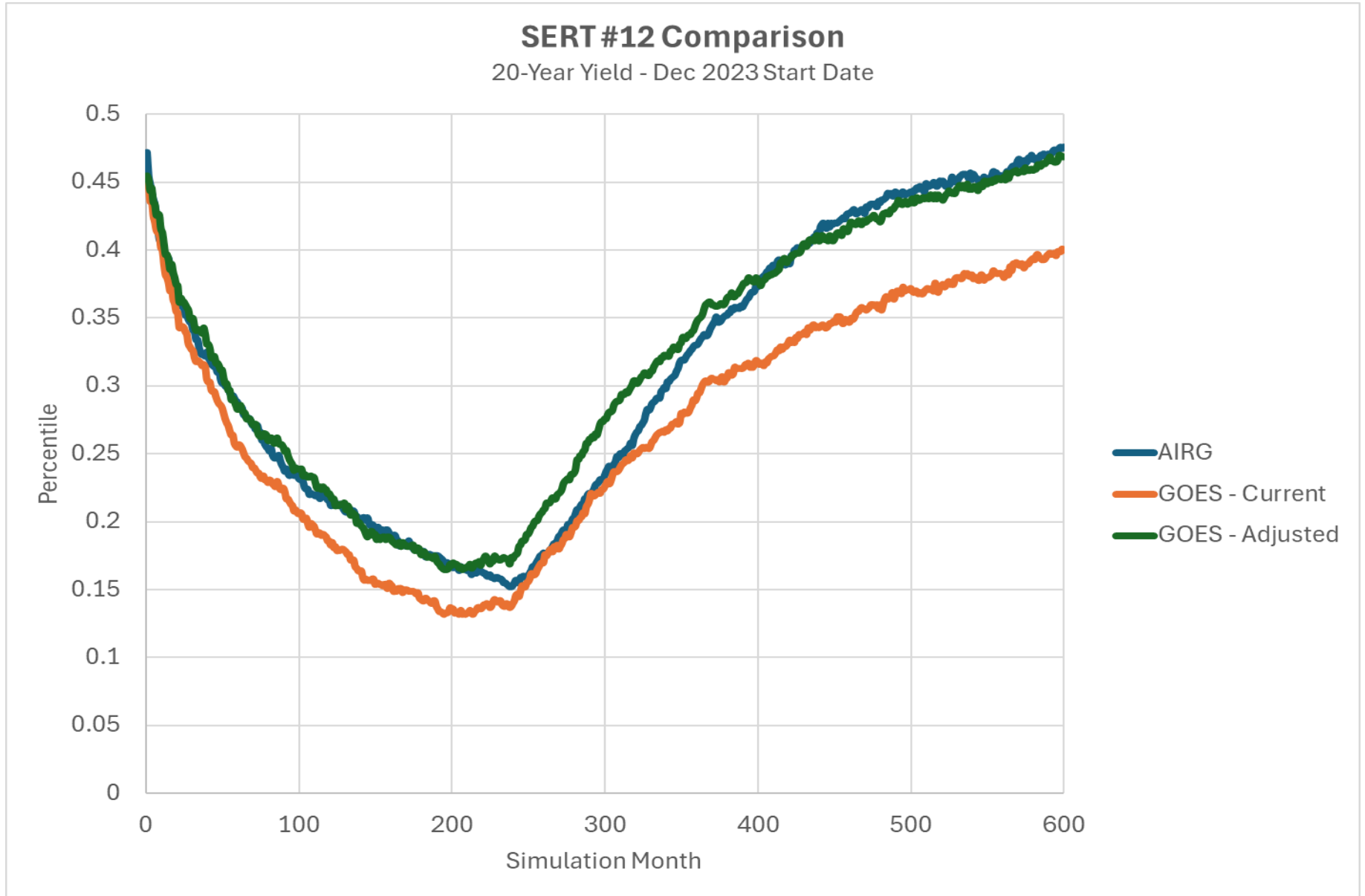
## Three reasons for differences

- Differences in models
- Differences in SERT implementation
- Differences in calibration

# SERT #12 – 20-Year Yield



# SERT #12 – 20-Year Yield



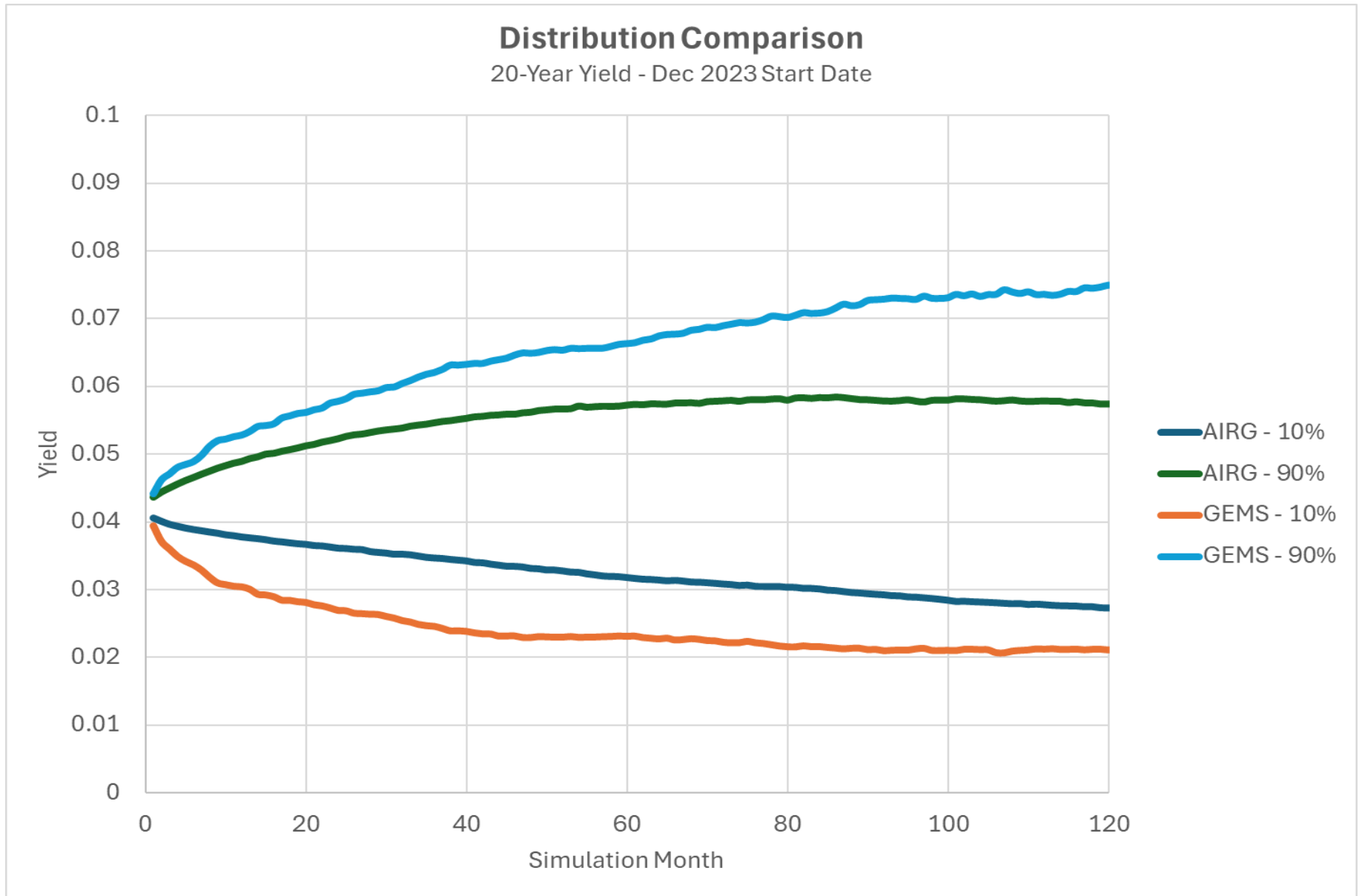
# SERT #12 – 20-Year Yield

Similar Percentiles suggest the key difference is in the calibration

Causes are different for the two main time periods

- First 20 years: trend down towards the 15<sup>th</sup> percentile
- Remaining years: trend back towards the median

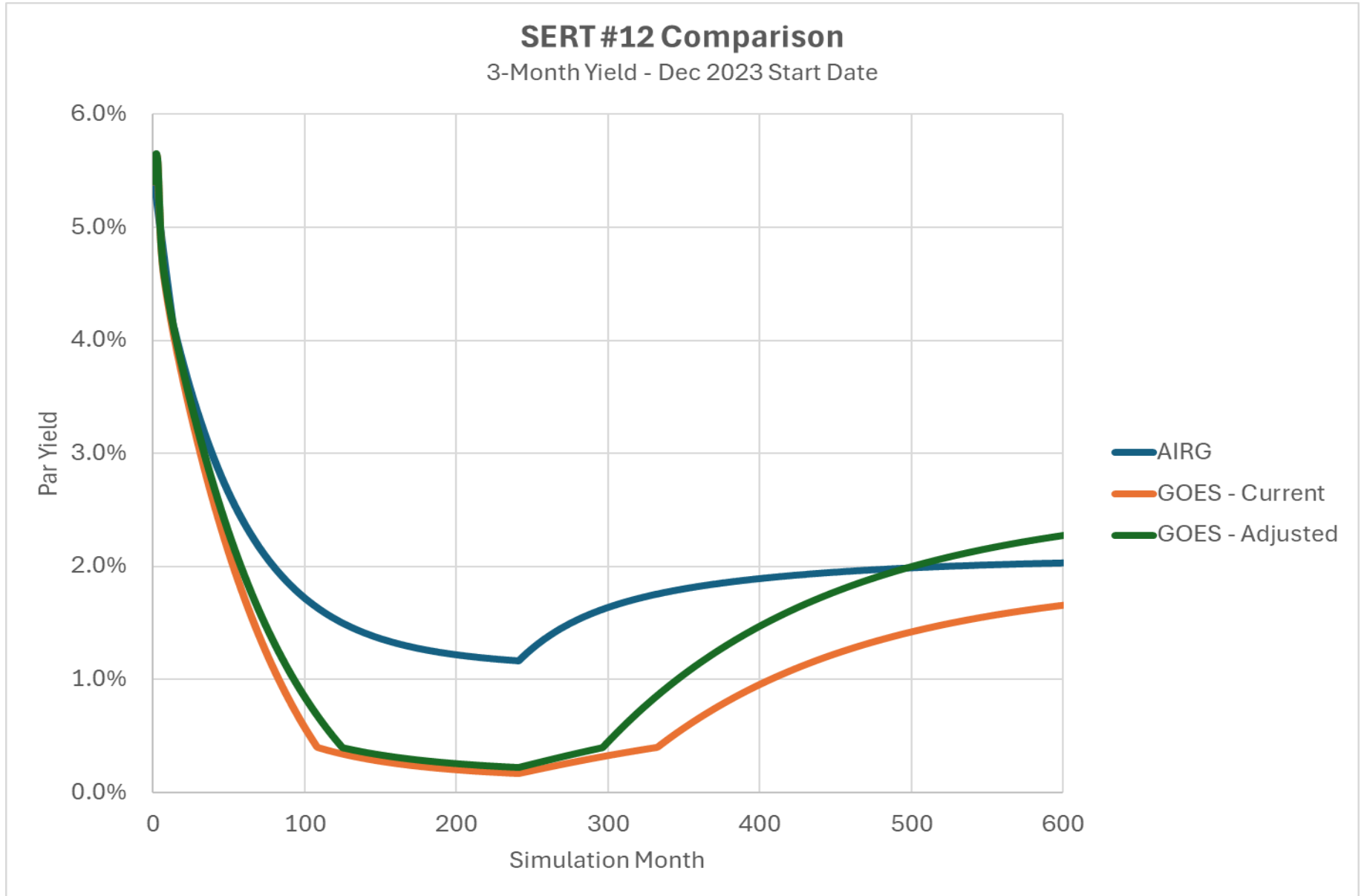
# SERT #12 – 20-Year Yield, First 20 Years



## SERT #12 – 20-Year Yield, Later Years

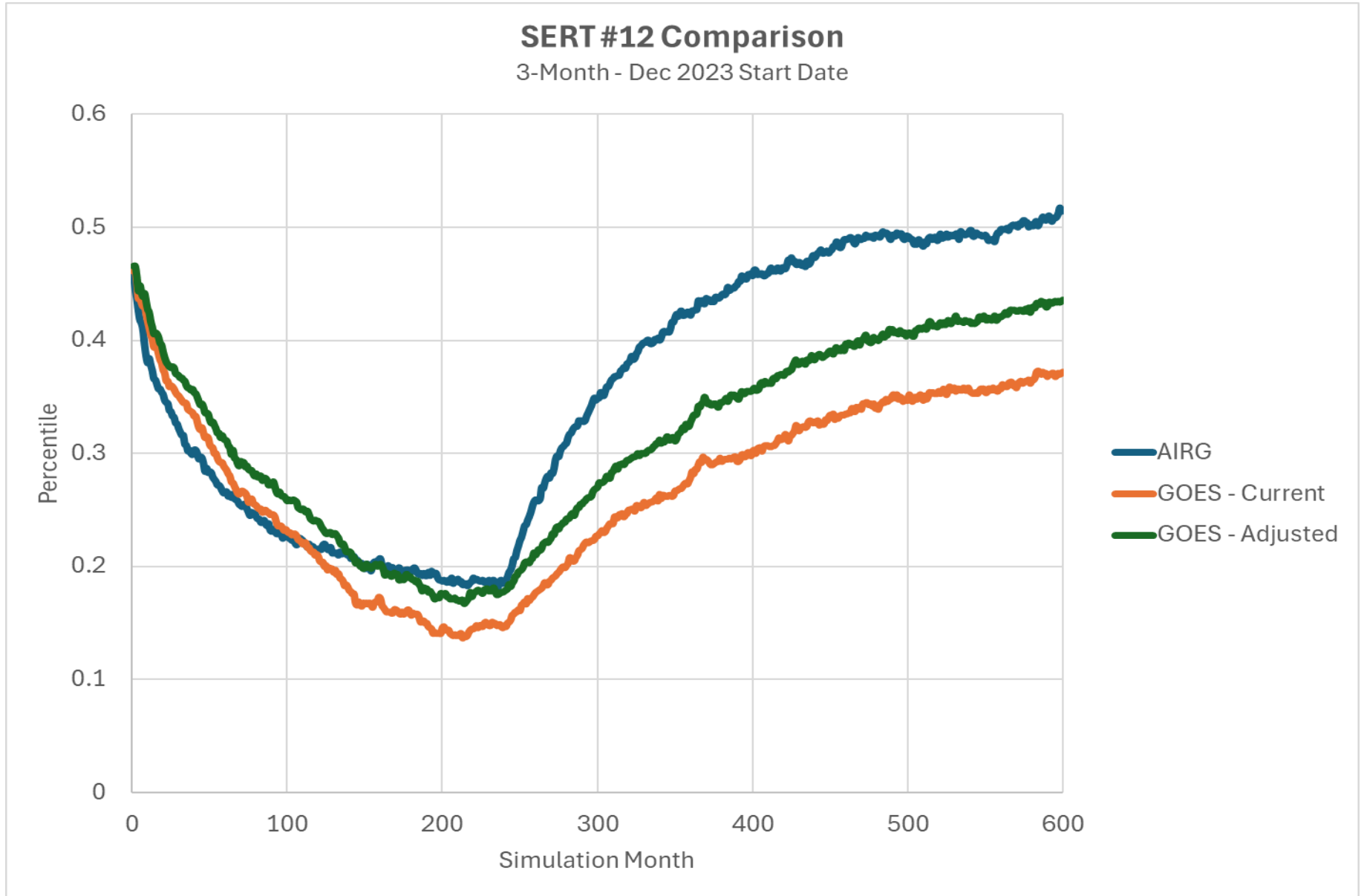
Item	AIRG	GEMS
Mean	N/A	5.31%
Median	3.25%	~4.75%

# SERT #12 – 3-Month Yield

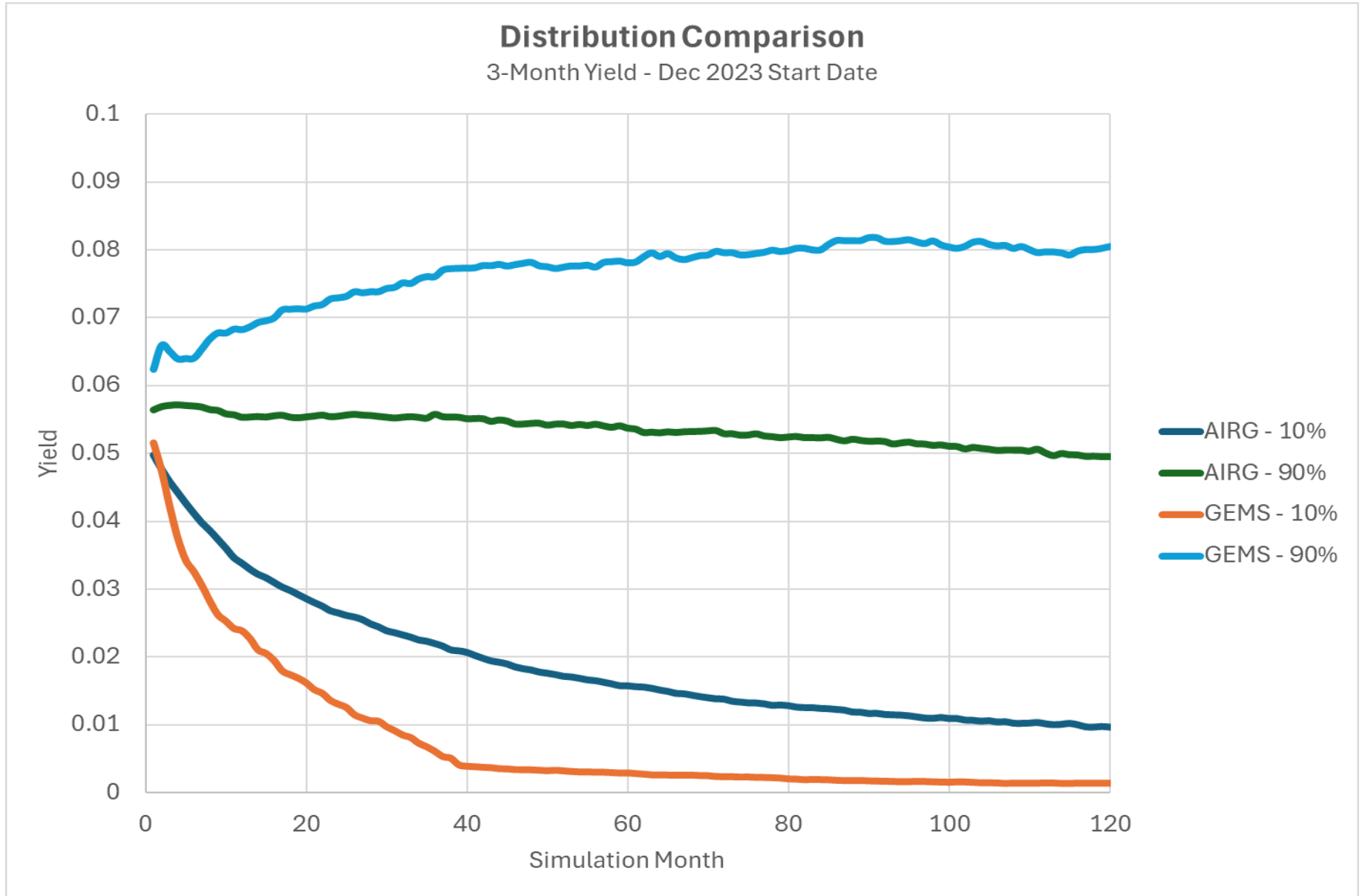




# SERT #12 – 3-Month Yield



# SERT #12 – 3-Month Yield, First 20 Years



## SERT #12 – 3-Month Yield, Later Years

Item	AIRG	GEMS
Mean	N/A	3.37%
Median	N/A	~2.87%
Target	~2.07%	~2.45%

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