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Estimating transfer probabilities for pension policies

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Abstract

Many pension insurance policies in the Swedish life insurance market have the possibility to transfer the policy between companies. Since the insurance company typically have high acquisition costs for these policies a transferred policy out of the company could lead to a net loss on that policy. In this thesis we use logistic regression to estimate the probability of transfer for such policies on both simulated and real data. We find that we require a very large number of observations to get reliable estimates and that classifications measures like the ROC curve can give misleading results. We also see find that modeling continuous covariates from grouped observations, such as whole policy years, is preferable to using continuous observations.

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