



Institute  
and Faculty  
of Actuaries

## Stabilising a With-Profits Fund in Fast Run Off: A Forester Life Case Study

Karina Lo Dico - Foresters Financial  
Darryl Brundle - Foresters Financial  
Amy Nicholson - Grant Thornton

17 November 2017



### Foresters & the Tunbridge Wells Fund

- A 'Fraternal Benefits' company operating in the UK, US and Canada
- *'We have helped families plan for their future while making a difference in their communities'*
- Unit linked, protection and with-profits
- Acquired The Children's Mutual & Tunbridge Wells Equitable Friendly Society ("TW") in 2013

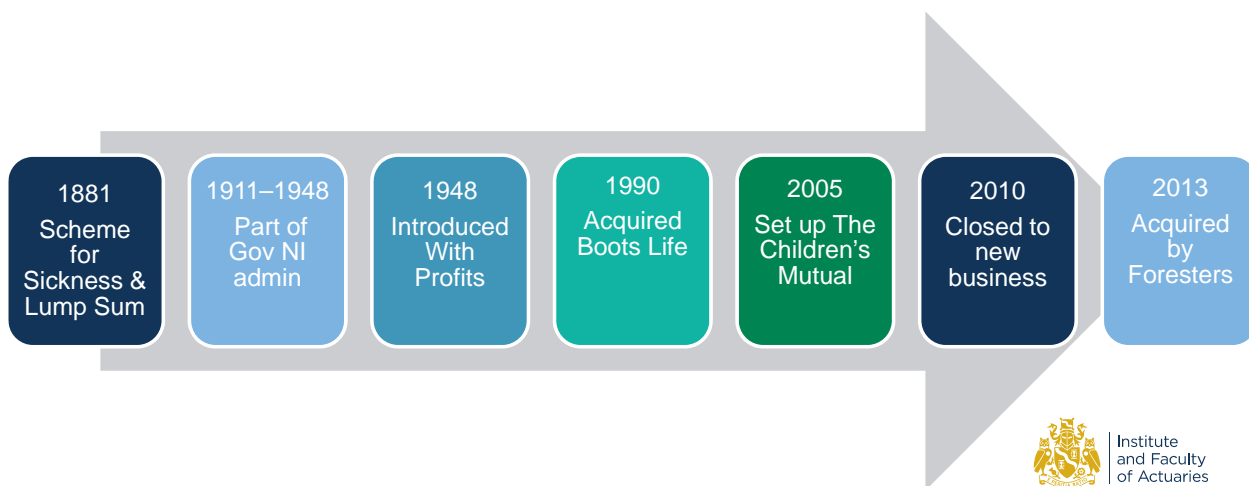


Institute  
and Faculty  
of Actuaries

17 November 2017

2

## Tunbridge Wells Equitable Friendly Society



Institute  
and Faculty  
of Actuaries

17 November 2017

3



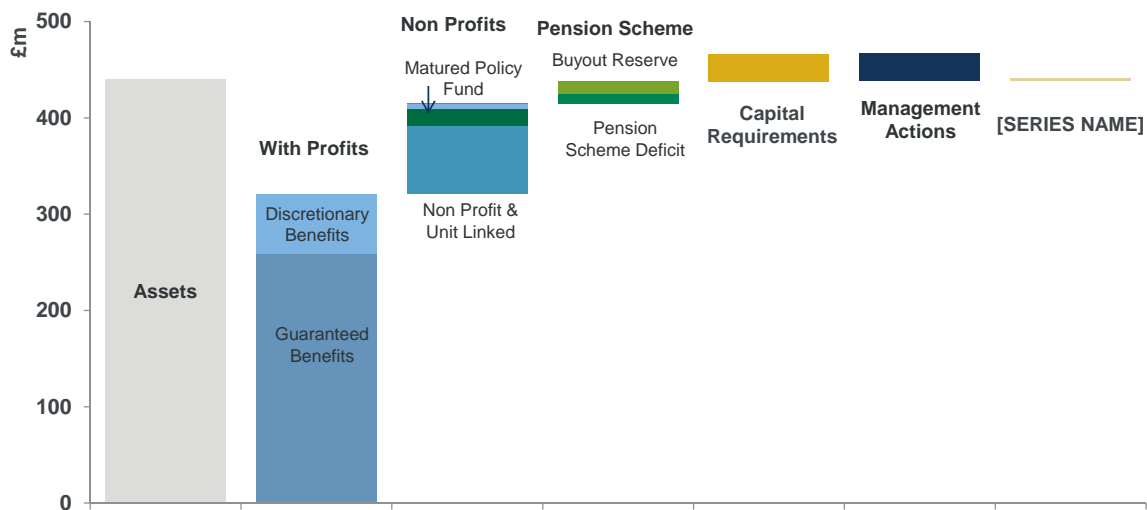
Institute  
and Faculty  
of Actuaries

## Challenges in the Tunbridge Wells Fund



17 November 2017

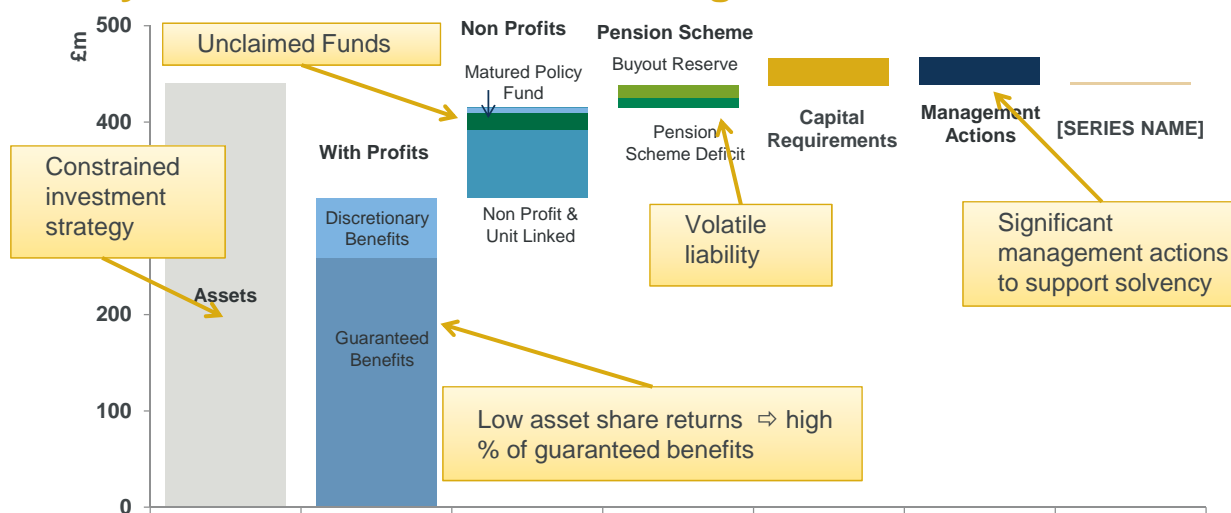
## Why did the TWF need stabilising?



17 November 2017

5

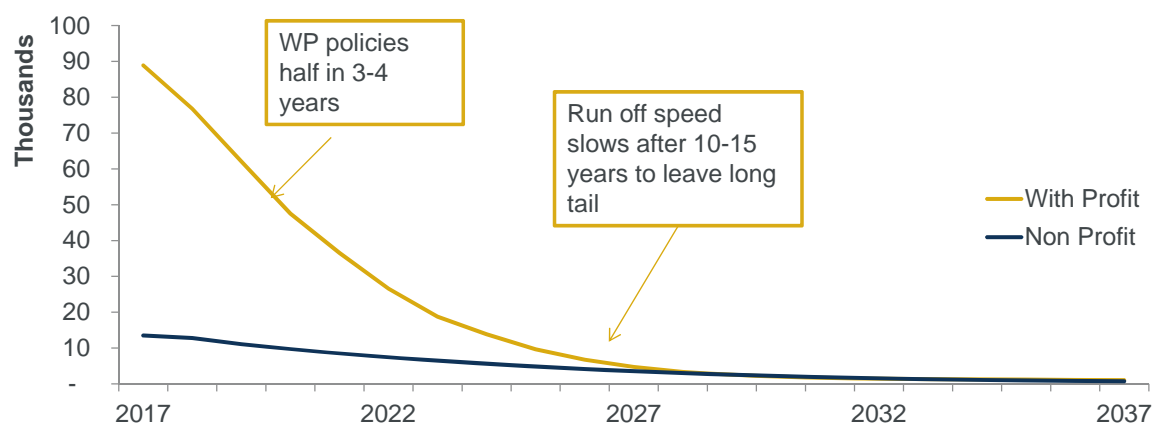
## Why did the TWF need stabilising?



17 November 2017

6

## And a very fast run-off of the TW Fund

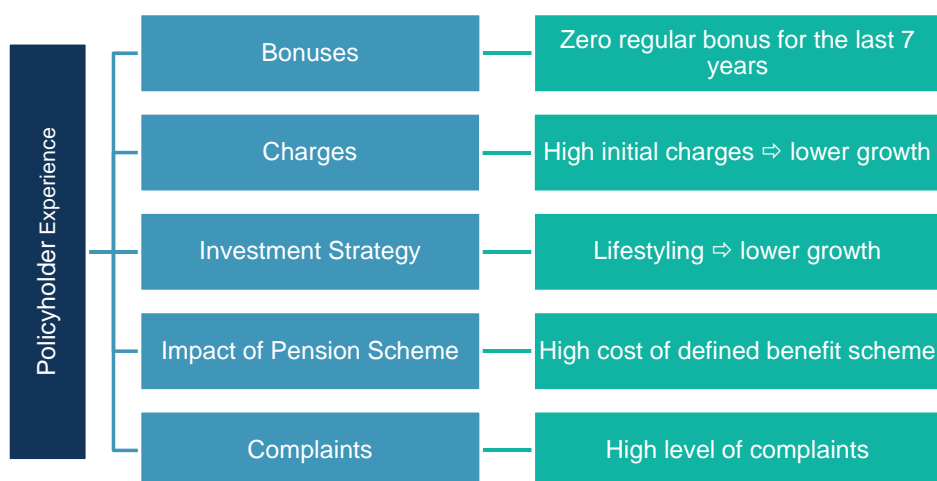


Institute  
and Faculty  
of Actuaries

17 November 2017

7

## The policyholder experience so far...

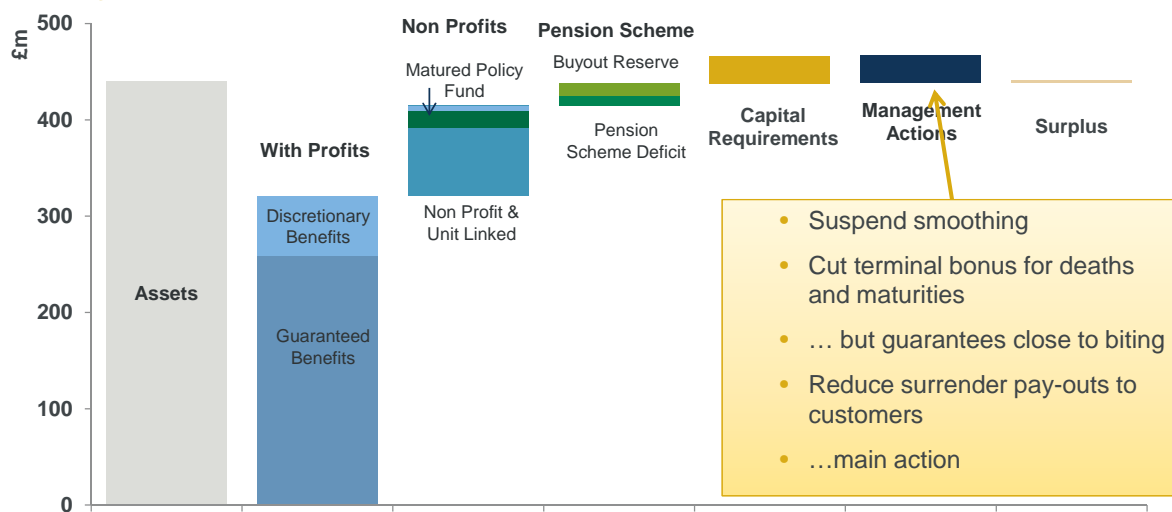


Institute  
and Faculty  
of Actuaries

17 November 2017

8

## Policyholders bear future risk...



17 November 2017

9

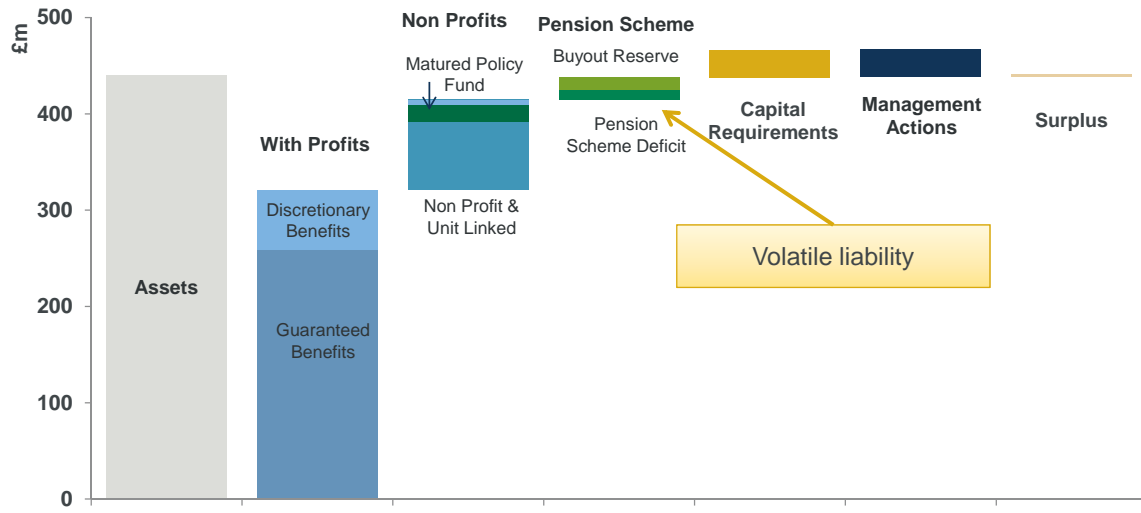


Institute  
and Faculty  
of Actuaries

## Solutions

17 November 2017

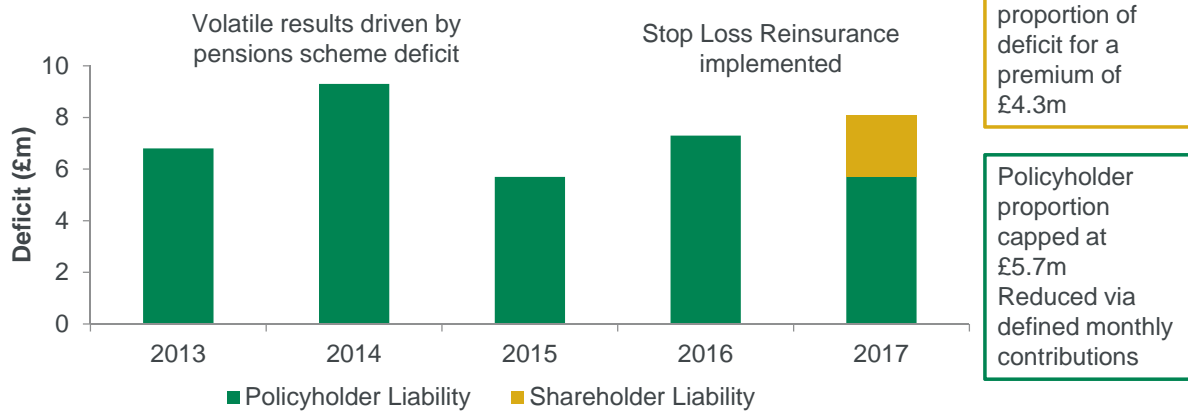
## Challenge 1: TW Pension Scheme



17 November 2017

11

## Action 1a: Cap the policyholders' exposure

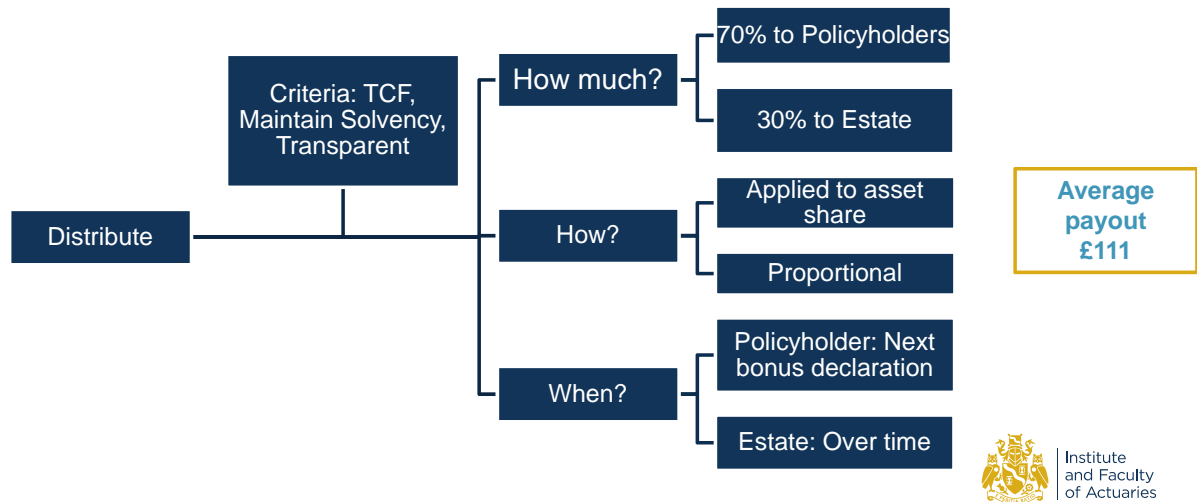


Institute  
and Faculty  
of Actuaries

17 November 2017

12

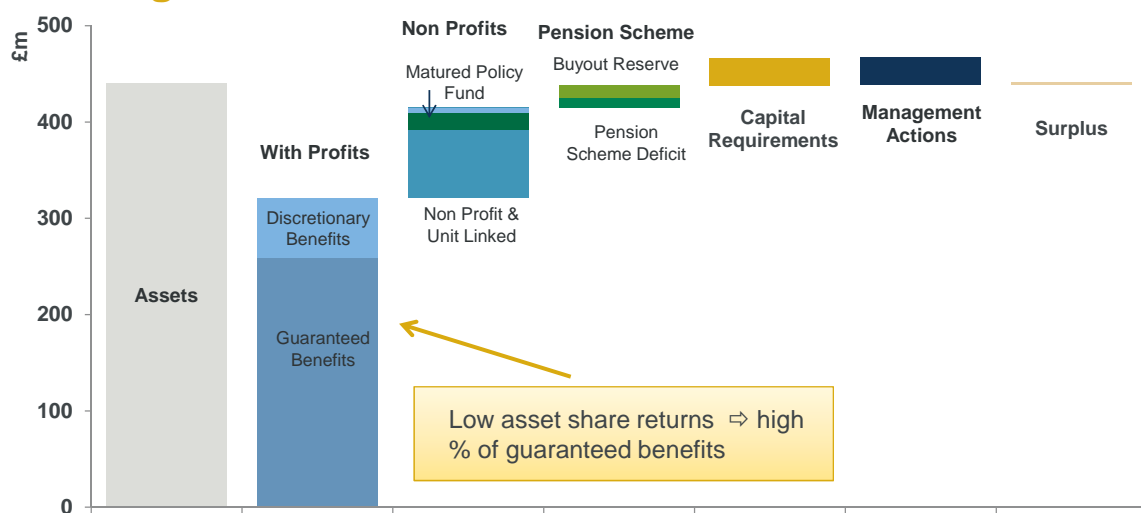
## Action 1b: Distribute the Buyout Reserve



17 November 2017

13

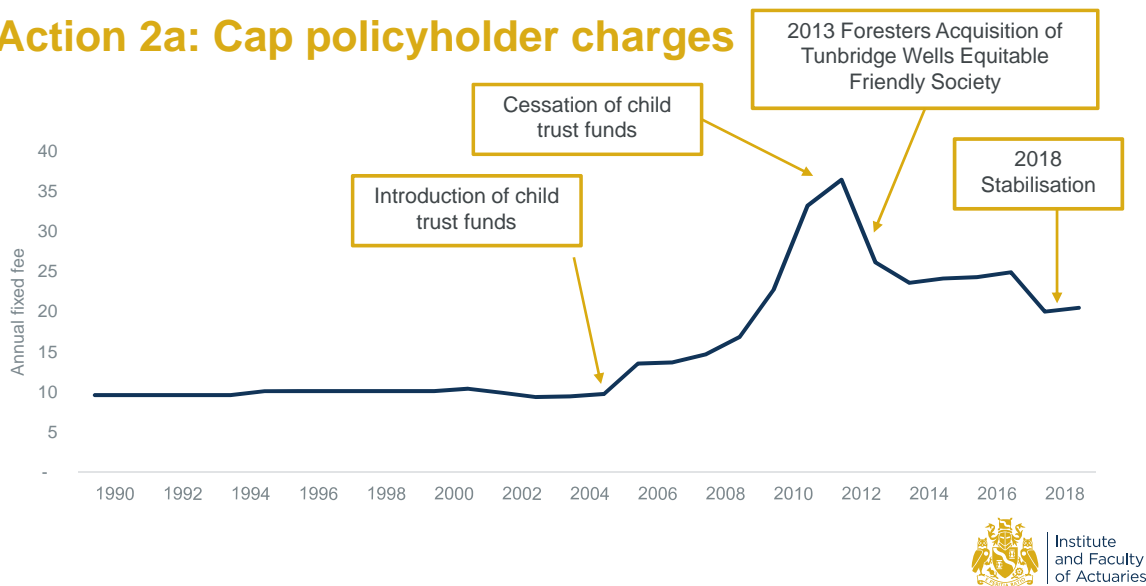
## Challenge 2: Weak Returns



17 November 2017

14

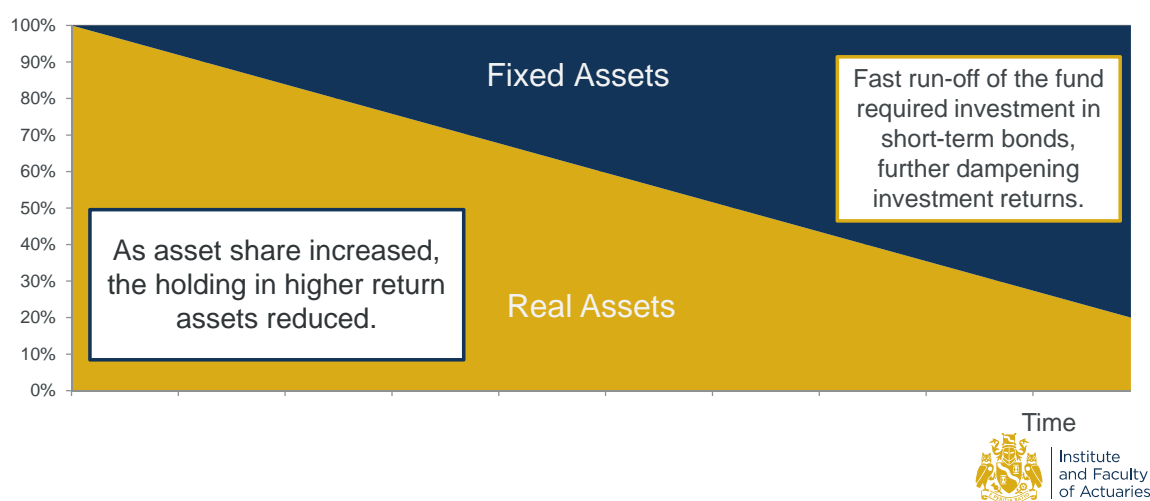
## Action 2a: Cap policyholder charges



17 November 2017

15

## Action 2b: Remove Lifestyling

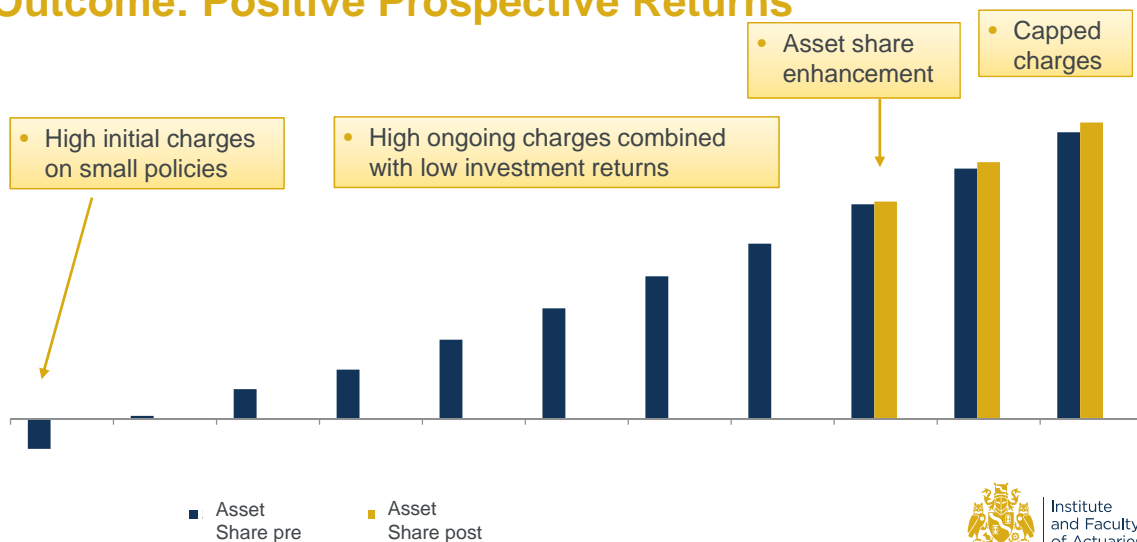


17 November 2017

16



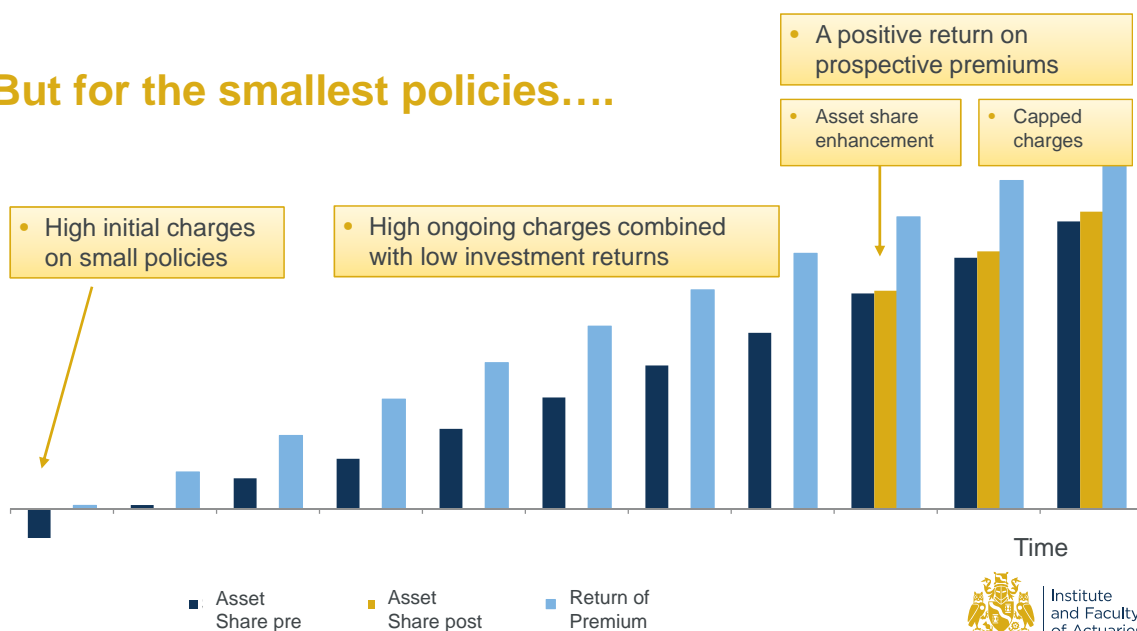
## Outcome: Positive Prospective Returns



17 November 2017

17

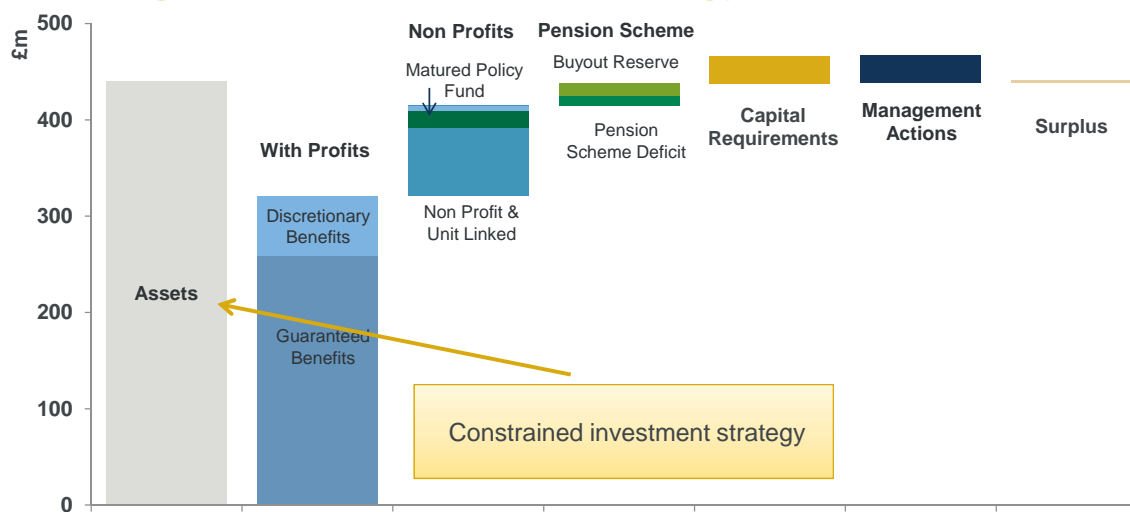
## But for the smallest policies....



17 November 2017

18

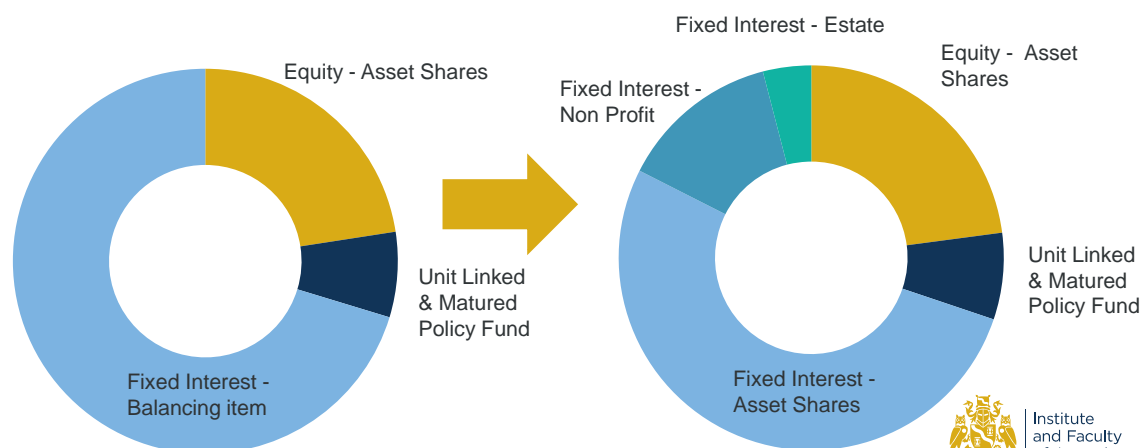
### Challenge 3: TW Investment Strategy



17 November 2017

19

### Action 3: Segment the fund



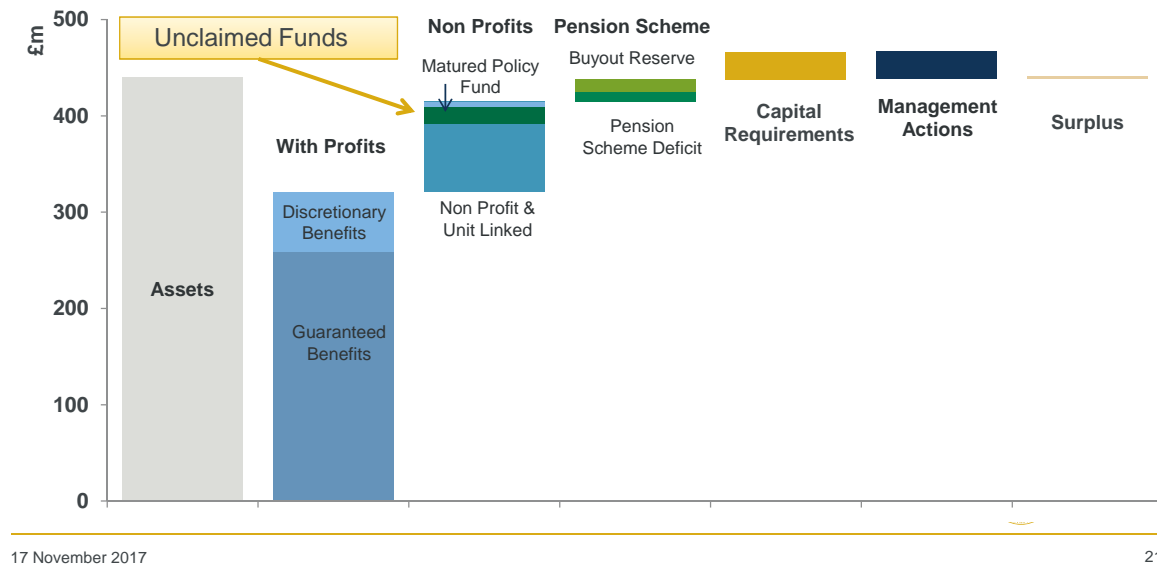
17 November 2017

20

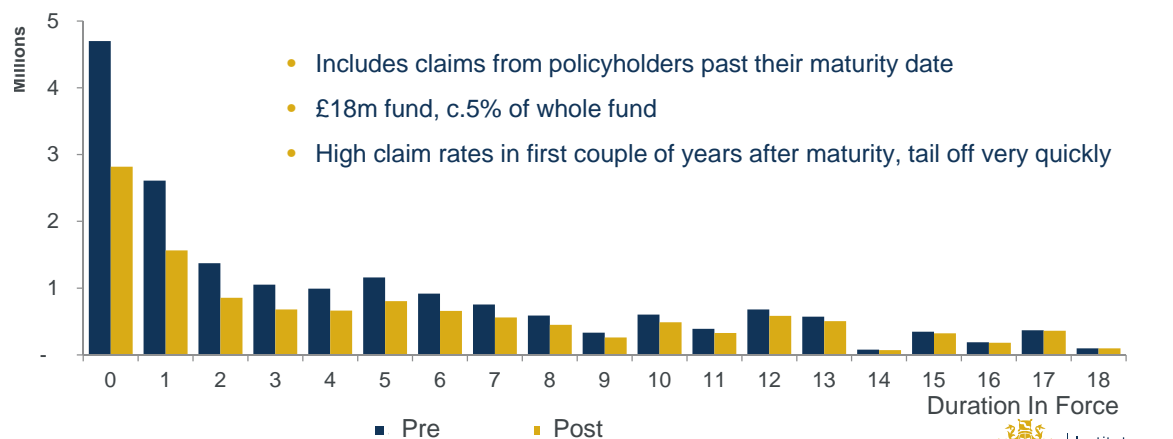


Institute  
and Faculty  
of Actuaries

## Challenge 4: Unclaimed funds



## Action 4: Trace Customers & Apply Actuarial Judgement



## Challenge 5: Policyholder communications

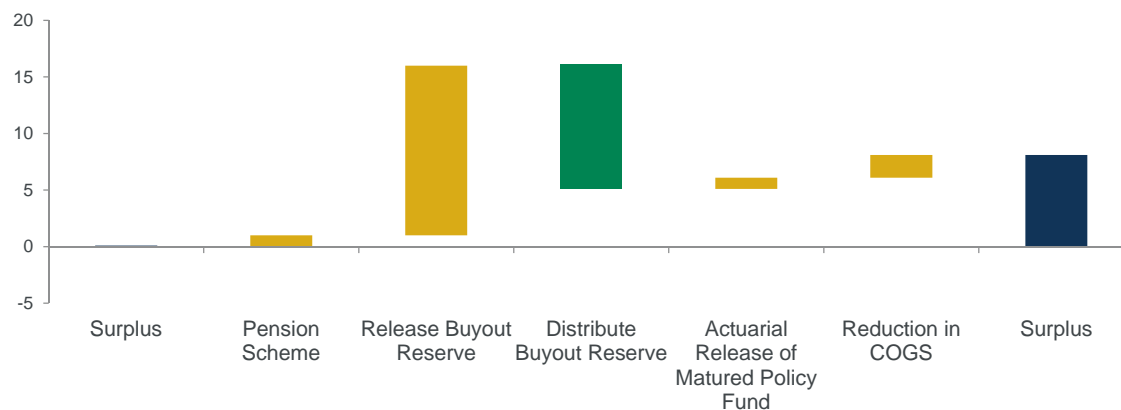
- Letter to policyholders informing them of changes:
  - Removal of lifestyling
  - Reduction in charges
  - Distribution of the buyout reserve
- A seemingly simple task posed various challenges:
  - Engaging the whole business
  - Establishing ownership
  - Finding the right tone
  - Customer services training
  - Letter printing logistics



## Conclusions



## Financial Outcomes - Surplus

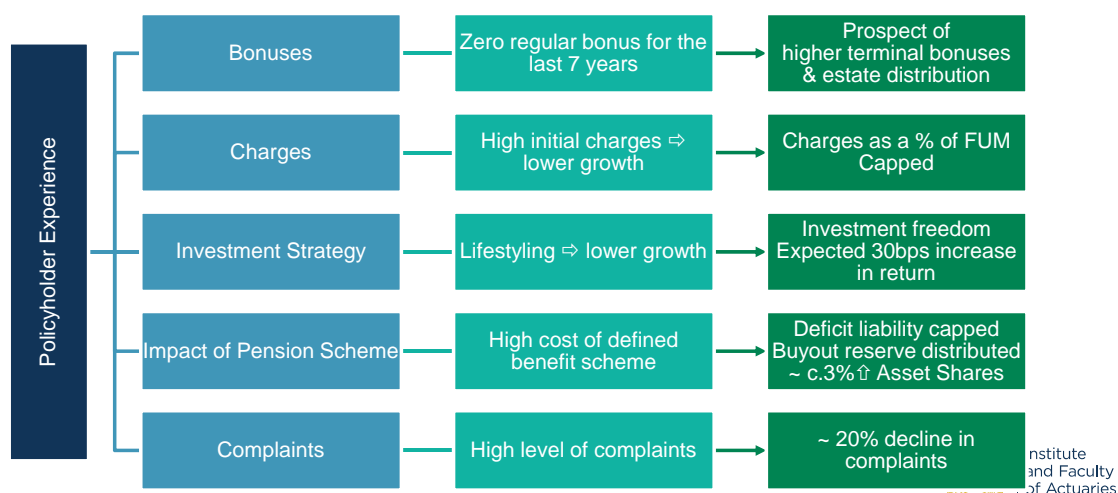


Institute  
and Faculty  
of Actuaries

17 November 2017

25

## Customer Outcomes

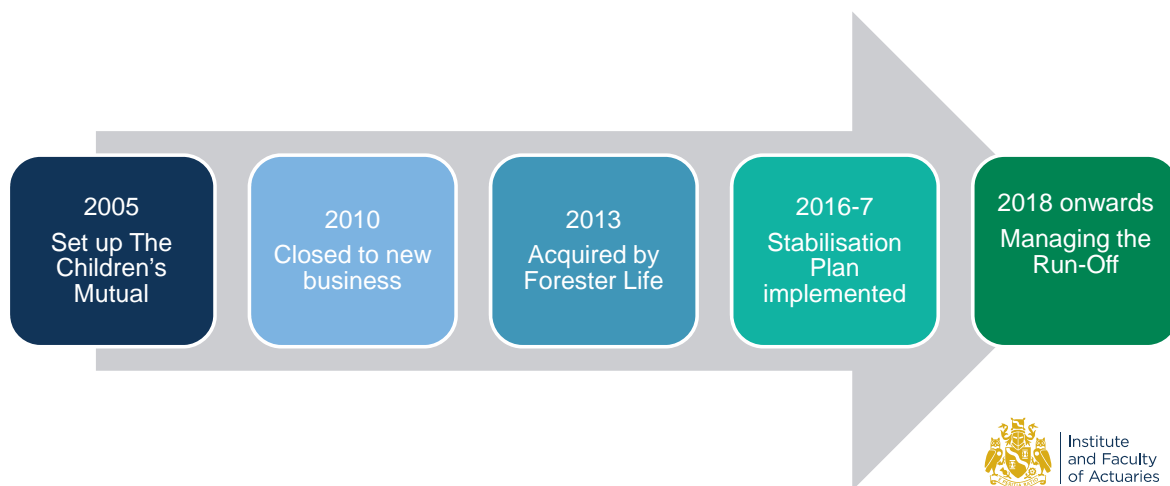


Institute  
and Faculty  
of Actuaries

17 November 2017

26

## Next Steps



Institute  
and Faculty  
of Actuaries