

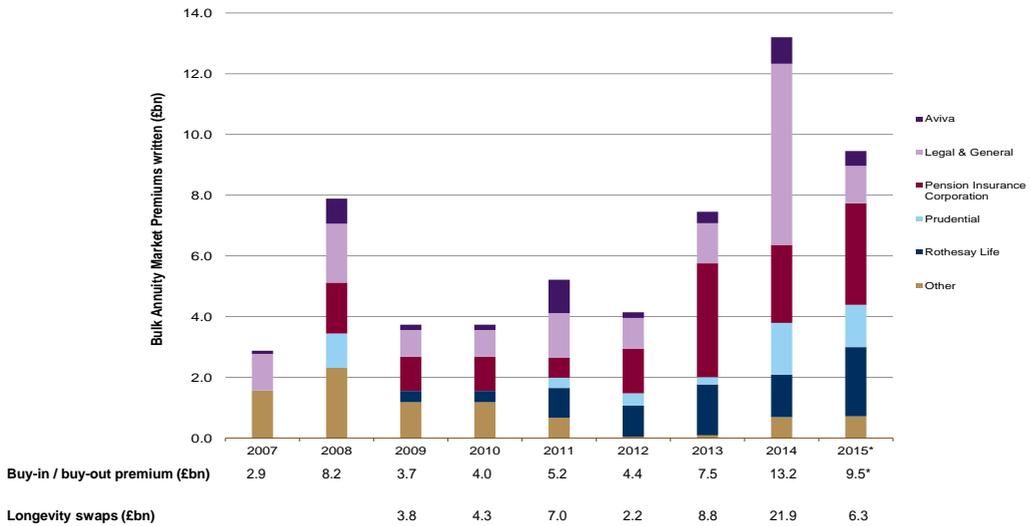
Current Highlights in Pensions Seminar
12 November 2015

Developments in Pension De-risking

Clive Wellsteed

Lane Clark & Peacock LLP Trustee Consulting Investment Consulting
Corporate Consulting Insurance Consulting Business Analytics www.lcp.uk.com

Insurance market activity



* Includes Q3 2015 information provided by insurers and selected Q4 2015 transactions

Significant bulk annuity transactions of 2014 / 15 + LCP INSIGHT CLARITY ADVICE



£5.4bn collateralised pensioner buy-ins (6 separate transactions) with **L&G** and **Prudential**



£1.6bn pensioner buy-in with **Pension Insurance Corporation**



£1.6bn pensioner buy-in with **Rothesay Life**



£2.5bn pensioner buy-out with **L&G** (including pension increase exchange)

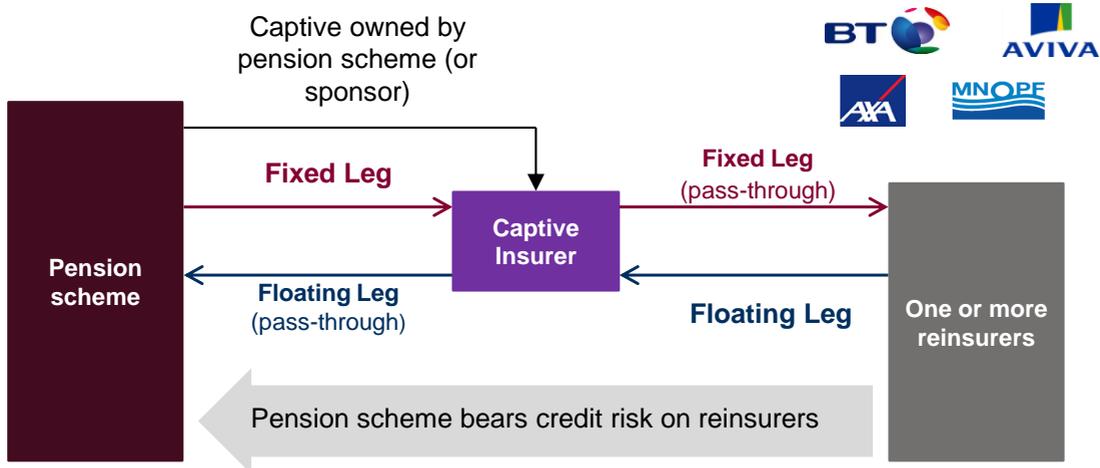


£2.4bn pensioner buy-out with Pension Insurance Corporation to follow up 3 buy-ins with Rothesay Life and Prudential over 2013-2014

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The dis-intermediated longevity swap

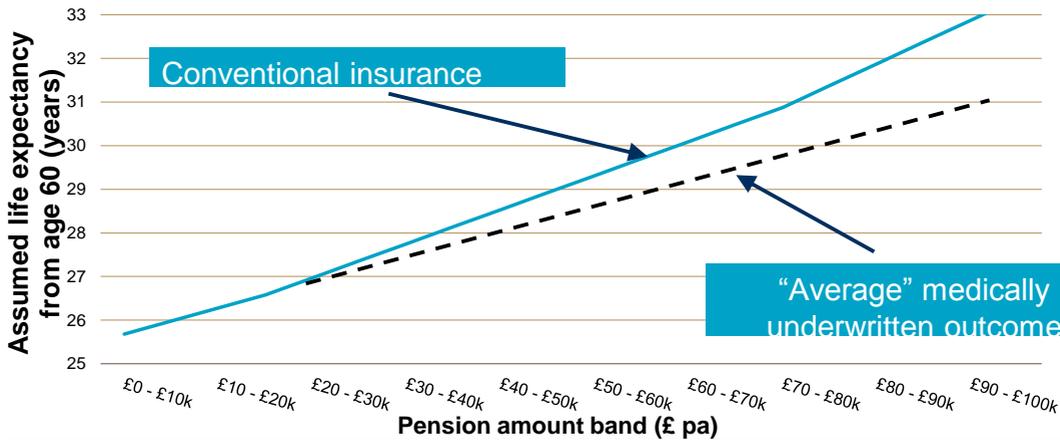
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Medically underwritten “top slicing”

Conventional pricing includes significant prudence margins for members with large pension amounts that can be removed by medically underwriting lives



Source: LCP analysis based on discussions with medical underwriters and conventional insurers

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Key themes for 2016 and beyond

Pension de-risking will continue to be a key focus for UK pension schemes

- Pension schemes have a range of ways to address longevity risk
- Buy-ins and buy-outs proven for large UK pension schemes
- Strong demand from pension schemes will drive market growth
- Medium term challenges over longevity capacity in the reinsurance market

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Scope

- This generic presentation should not be relied upon for detailed advice or taken as an authoritative statement of the law.
- If you would like any assistance or further information, please contact the partner who normally advises you.
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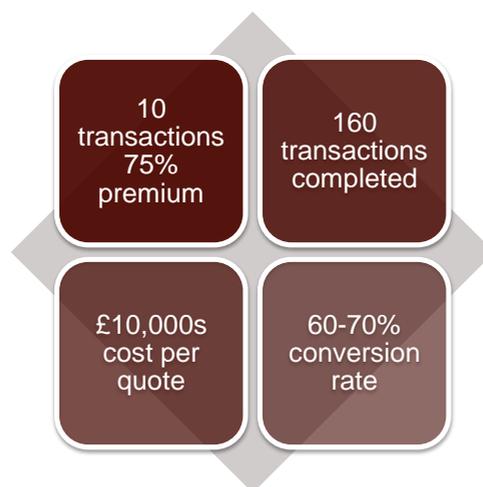


PENSIONS DE-RISKING AN INSURER'S PERSPECTIVE

EMMA WATKINS
DIRECTOR, BULK ANNUITIES



INSURER'S PERSPECTIVE ON 2014



Source: LCP



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CHALLENGES



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OPPORTUNITIES FOR THE INFORMED



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