

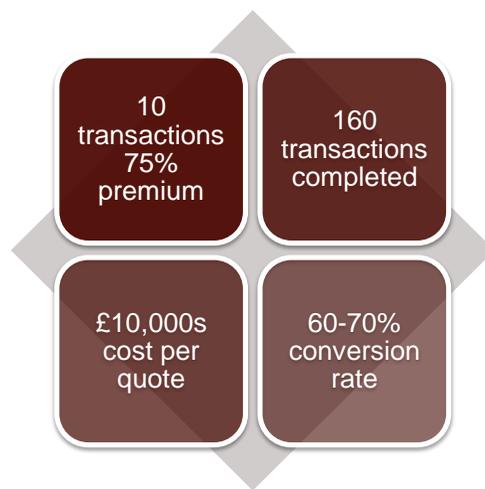


# PENSIONS DE-RISKING AN INSURER'S PERSPECTIVE

**ROSIE FANTOM**  
SENIOR MANAGER, BULK ANNUITIES



## INSURER'S PERSPECTIVE ON 2014



Source: LCP



## CHALLENGES



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## OPPORTUNITIES FOR THE INFORMED



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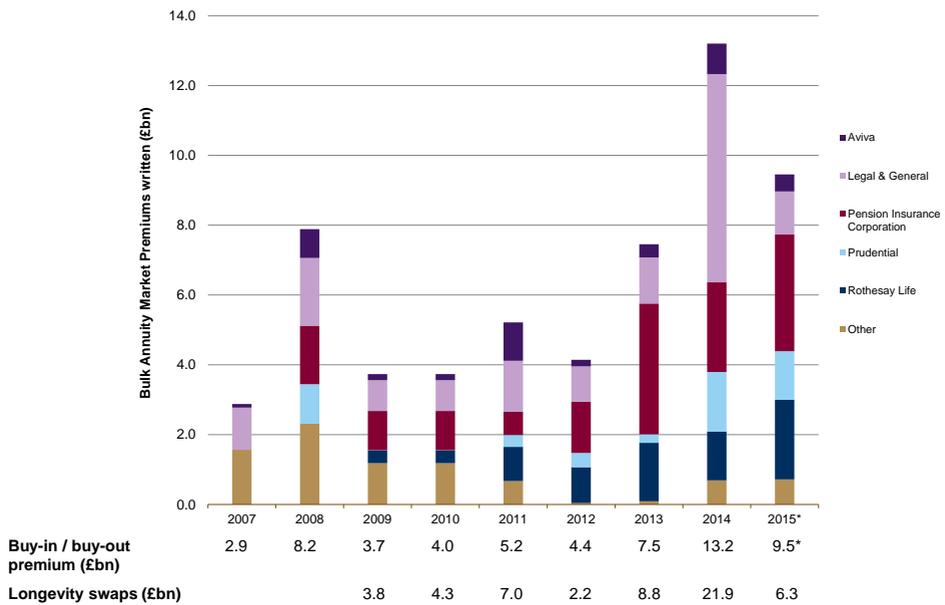
Current Highlights in Pensions Seminar  
17 November 2015

# Developments in Pension De-risking

Ken Hardman

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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



£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 **Rothsay Life**

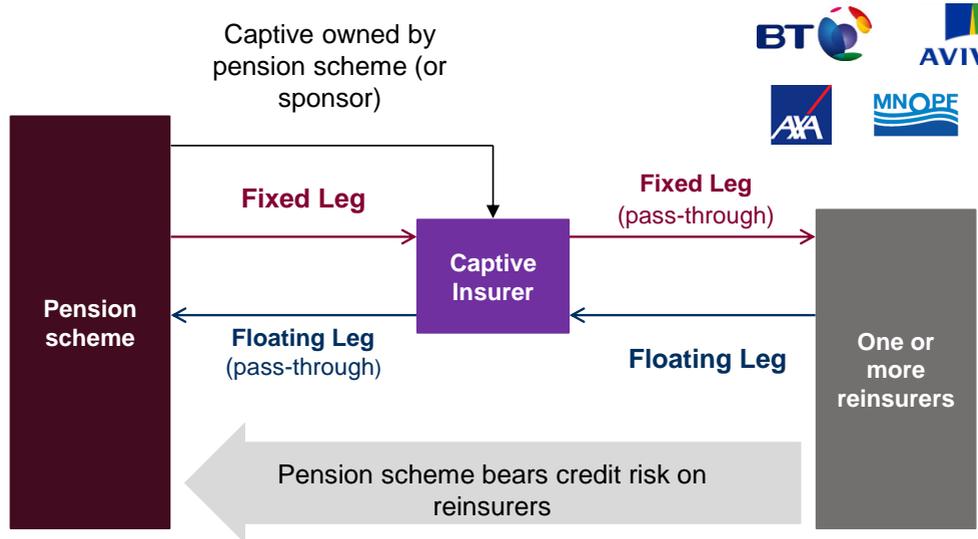


£2.5bn pensioner buy-out with **L&G**  
*(including pension increase exchange)*



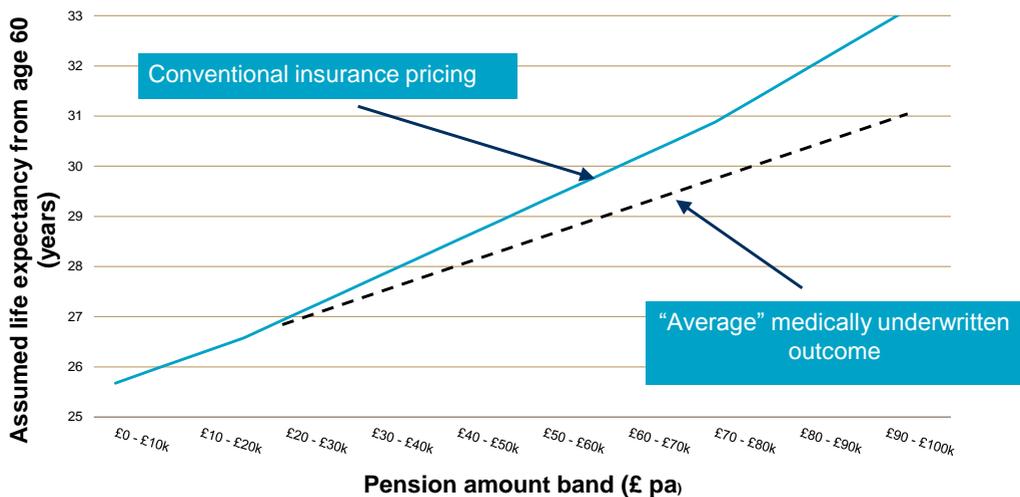
£2.4bn pensioner buy-out with Pension Insurance Corporation to follow up 3 buy-ins with Rothsay Life and Prudential over 2013-2014

# The dis-intermediated longevity swap



## 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.
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