



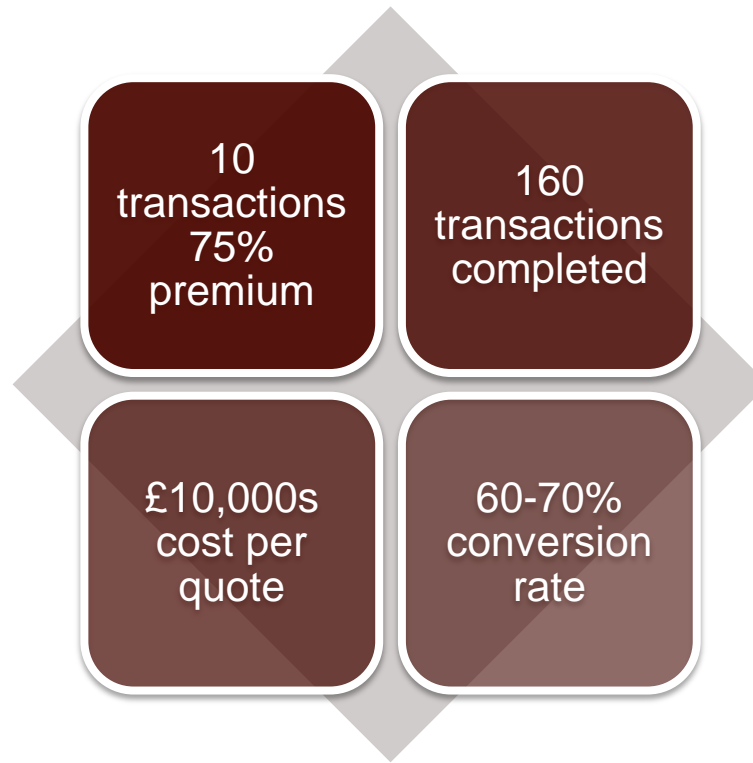
Institute  
and Faculty  
of Actuaries

# PENSIONS DE-RISKING AN INSURER'S PERSPECTIVE

EMMA WATKINS  
DIRECTOR, BULK ANNUITIES



# INSURER'S PERSPECTIVE ON 2014



Source: LCP

# CHALLENGES

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## Capacity to quote

Availability of suitable assets

Current pipeline

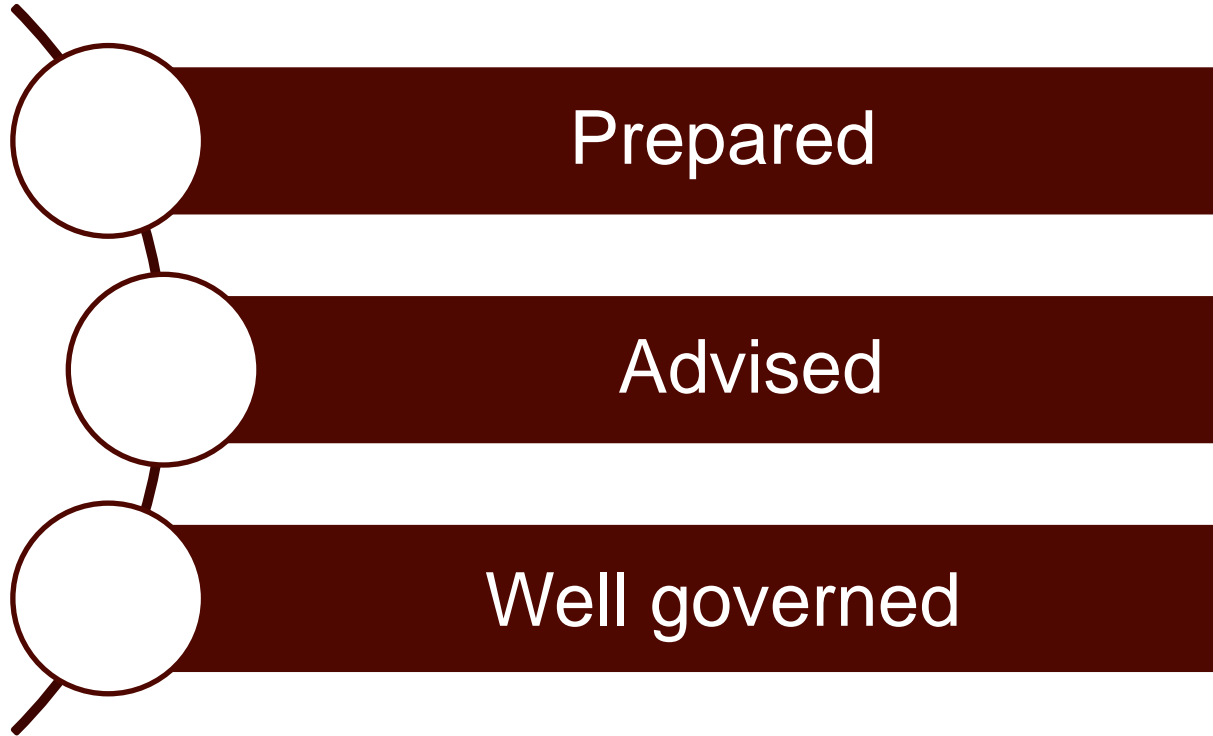
Longevity reinsurance

Impact of Solvency II

Capital allocation

# OPPORTUNITIES FOR THE INFORMED

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**SCOTTISH WIDOWS**



Current Highlights in Pensions Seminar  
12 November 2015

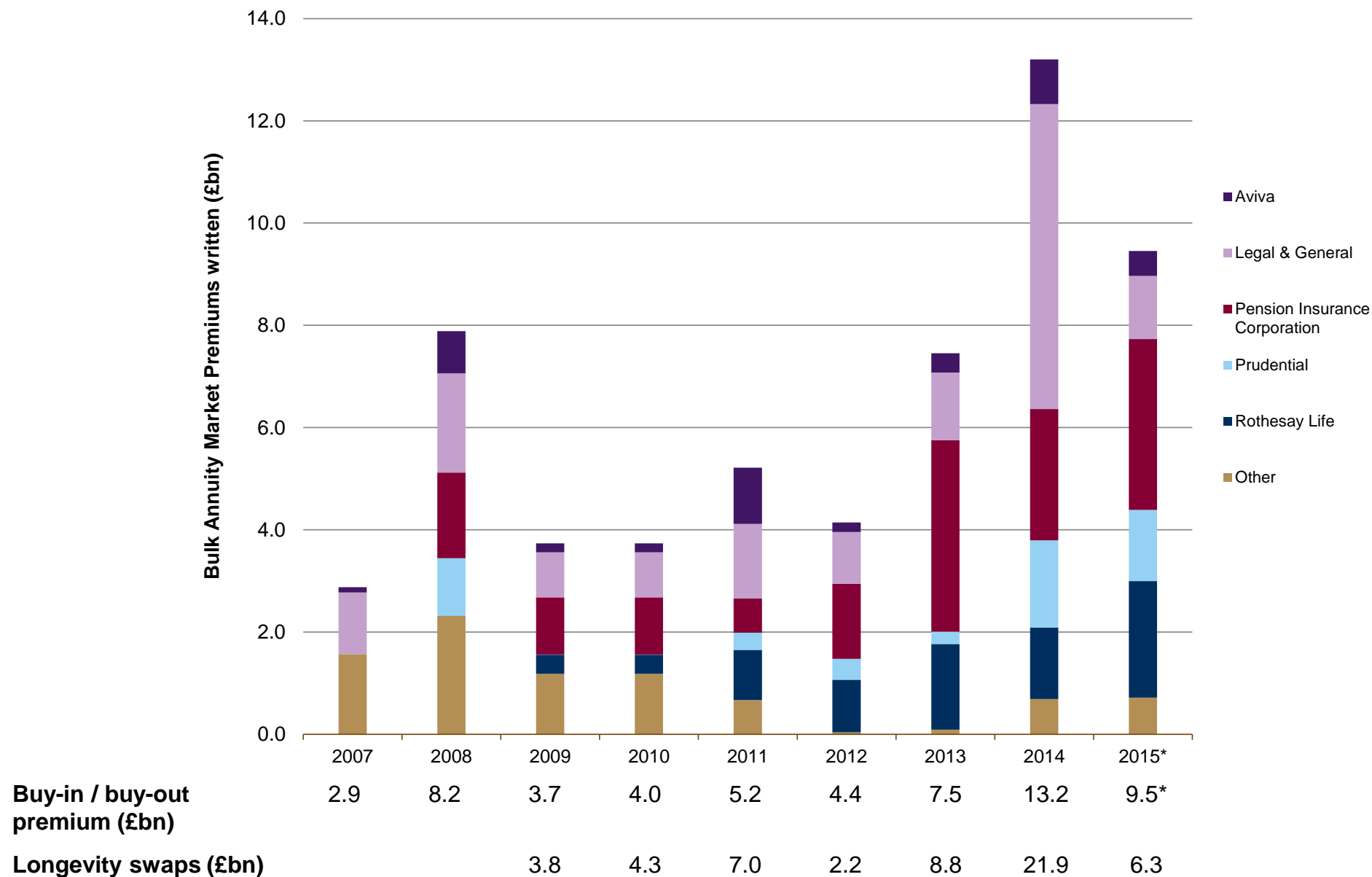
# *Developments in Pension De-risking*

*Clive Wellsted*

Lane Clark & Peacock LLP Trustee Consulting Investment Consulting  
Corporate Consulting Insurance Consulting Business Analytics [www.lcp.uk.com](http://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 **Rothesay Life**



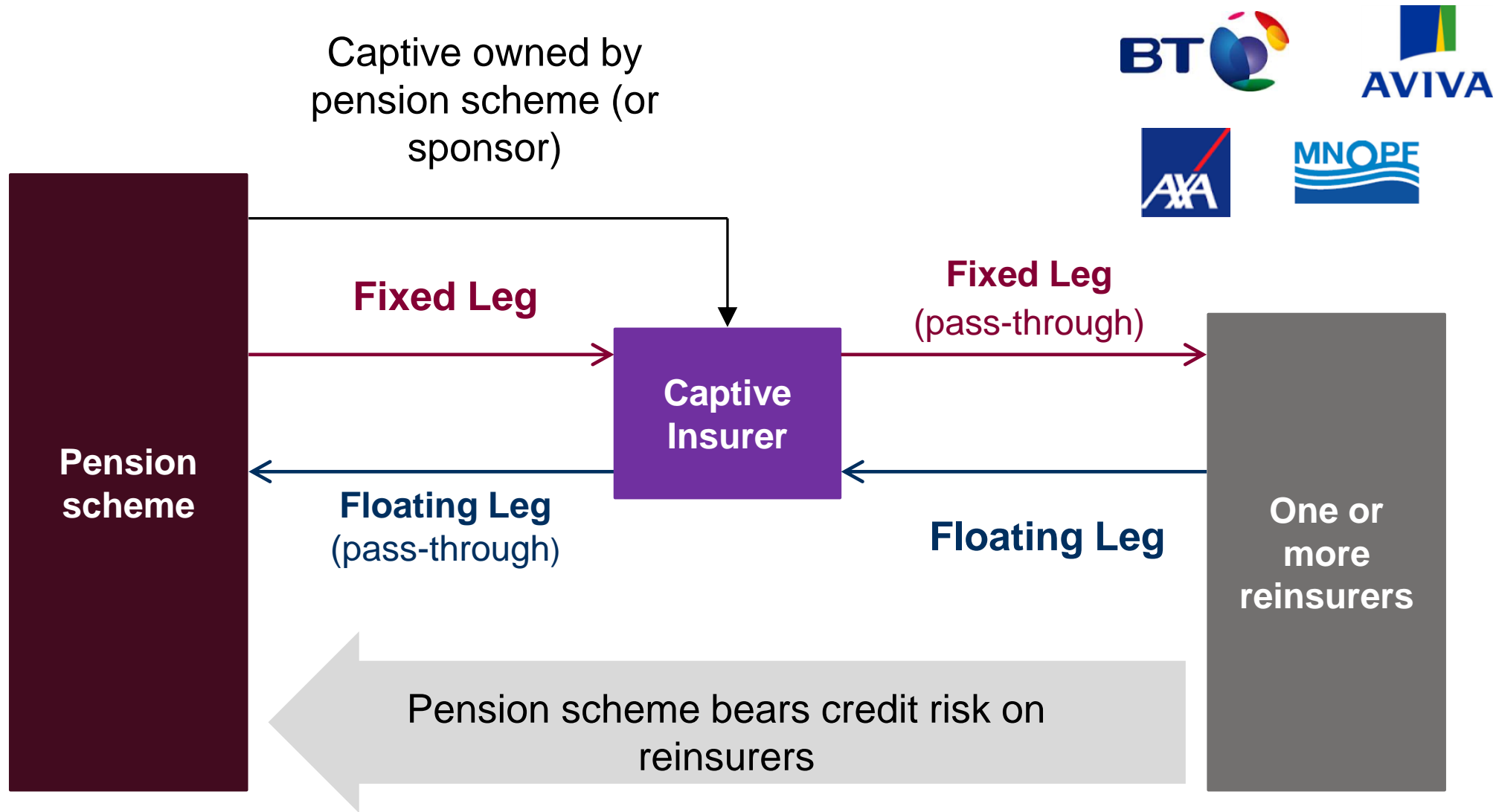
£2.5bn pensioner buy-out with **L&G**  
*(including pension increase exchange)*



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

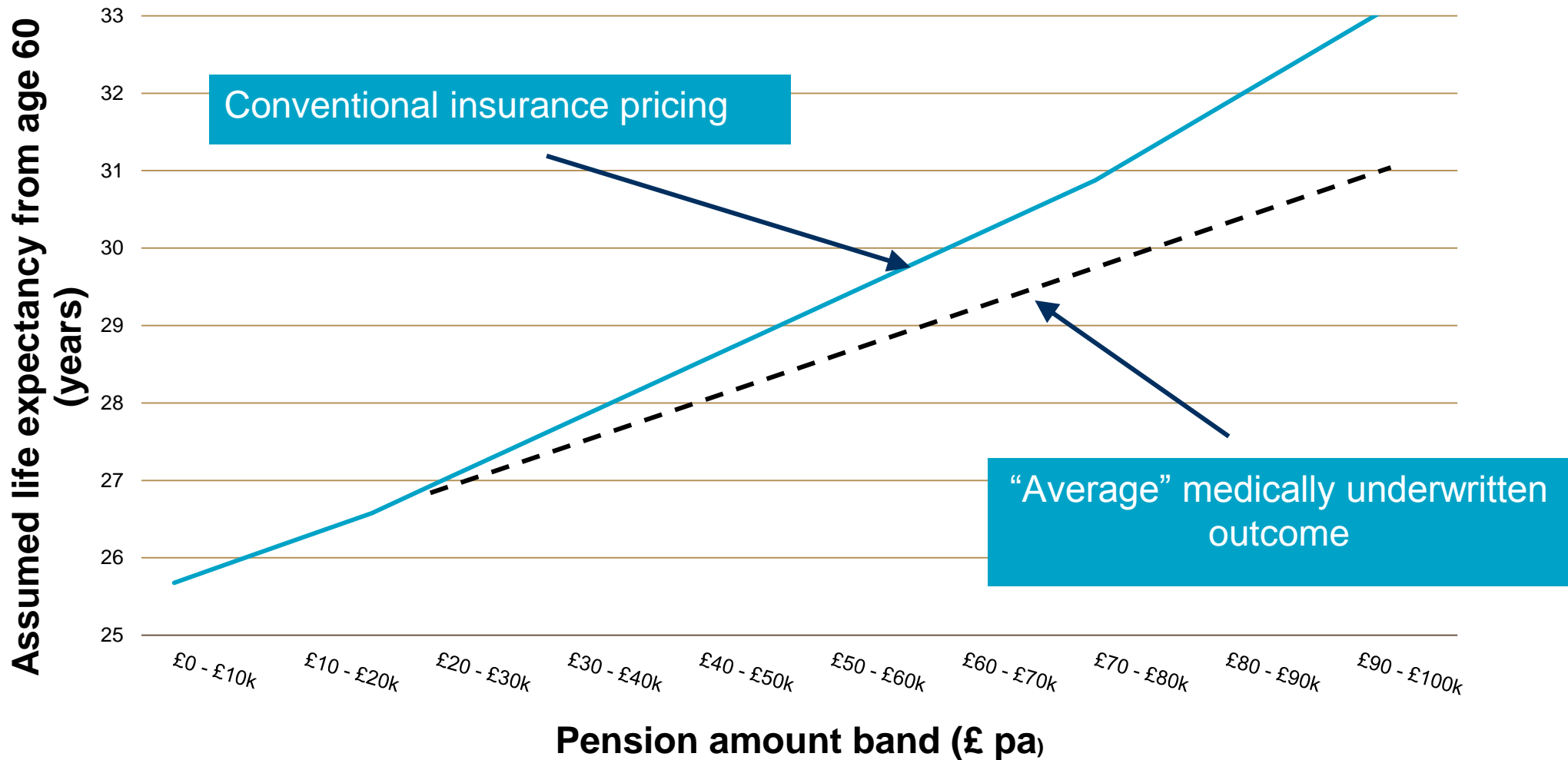


# The dis-intermediated longevity swap



# Medically underwritten “top slicing”

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



## 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

- 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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# *Developments in Pension De-risking*

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