



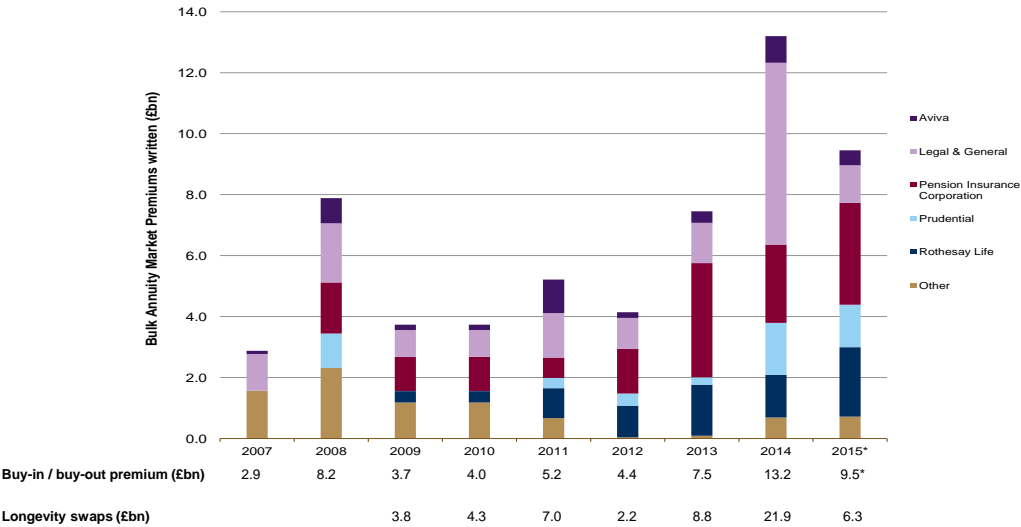
Current Highlights in Pensions Seminar
12 November 2015

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

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 **Rothsay Life**



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

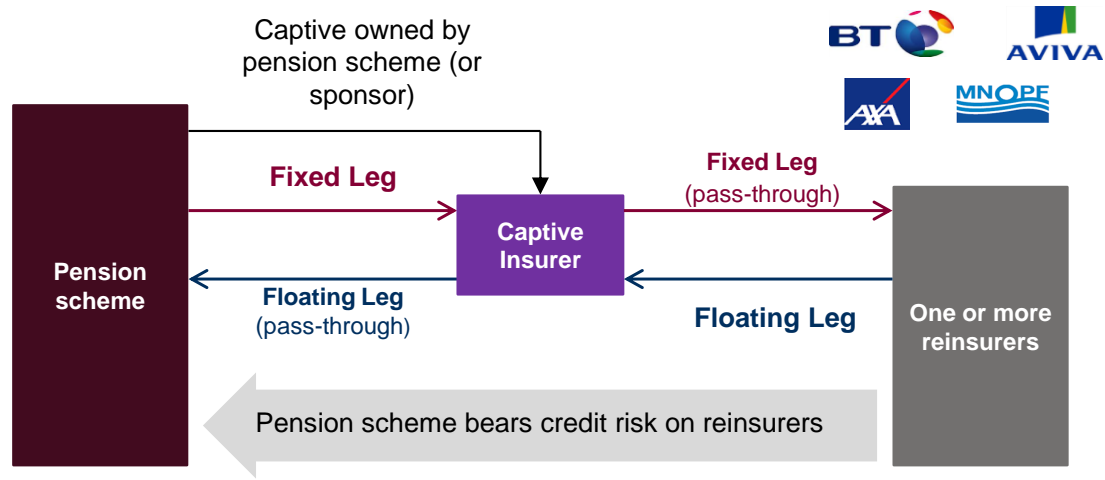


£2.4bn pensioner buy-out with Pension Insurance Corporation to follow up 3 buy-ins with Rothsay Life and Prudential over 2013-2014

3

The dis-intermediated longevity swap

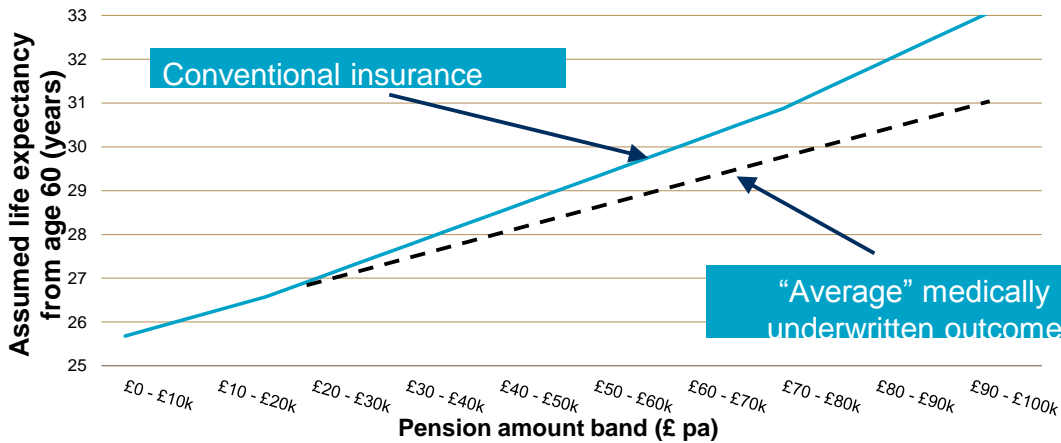
+ LCP INSIGHT CLARITY ADVICE



4

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

5

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

6

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.
- © Lane Clark & Peacock LLP 2015

Lane Clark & Peacock LLP is a limited liability partnership registered in England and Wales with registered number OC301436. LCP is a registered trademark in the UK (Regd. TM No 2315442) and in the EU (Regd. TM No 002935583). All partners are members of Lane Clark & Peacock LLP. A list of members' names is available for inspection at 95 Wigmore Street, London, W1U 1DQ, the firm's principal place of business and registered office. The firm is regulated by the Institute and Faculty of Actuaries in respect of a range of investment business activities. Locations in London, Winchester, Belgium, the Netherlands, Ireland and the UAE.



LCP INSIGHT
CLARITY
ADVICE

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

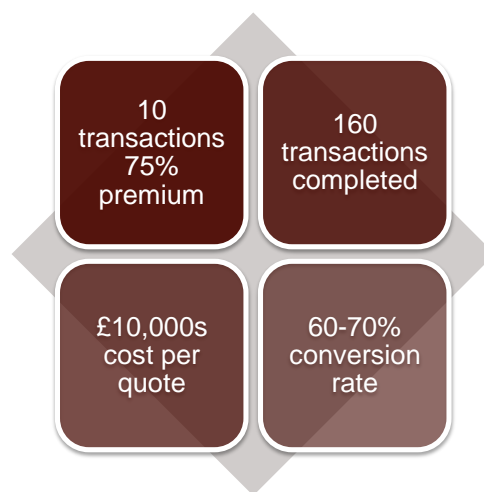


PENSIONS DE-RISKING AN INSURER'S PERSPECTIVE

EMMA WATKINS
DIRECTOR, BULK ANNUITIES



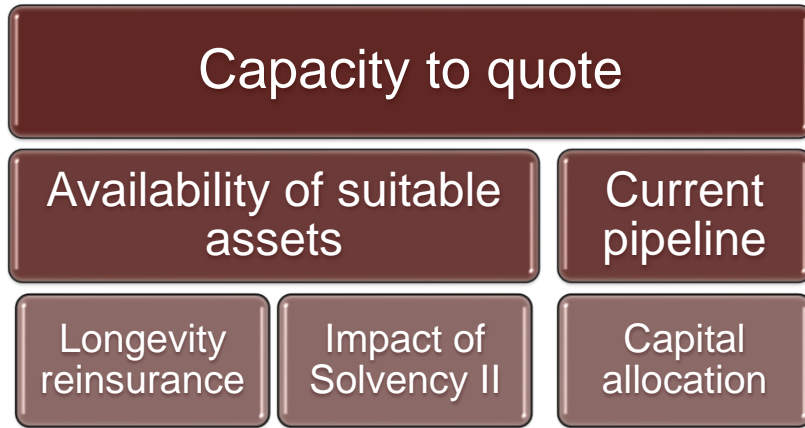
INSURER'S PERSPECTIVE ON 2014



Source: LCP

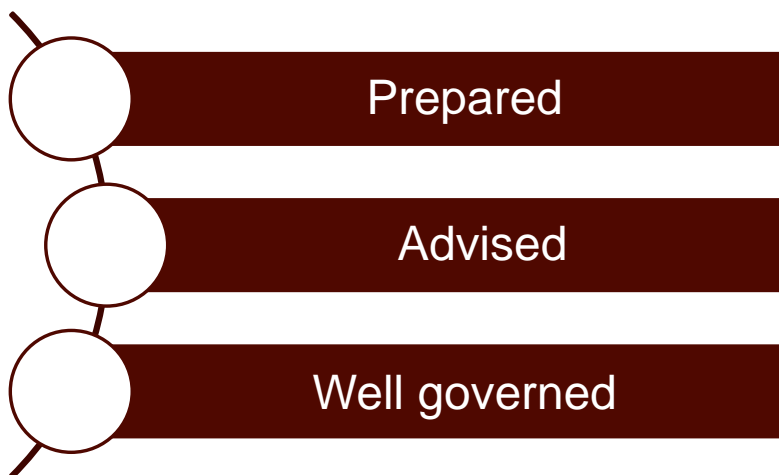


CHALLENGES



11

OPPORTUNITIES FOR THE INFORMED



12



SCOTTISH WIDOWS

Scottish Widows plc. Registered in Scotland No. 199549. Registered Office in the United Kingdom at 69 Morrison Street, Edinburgh EH3 8YF. Telephone: 0131 655 6000. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial Services Register number 191517.