

# *Insurer overviews*


Buy-ins, buy-outs and longevity swaps

October 2022

# Contents

---

Section	Page
<a href="#"><u>Aviva</u></a>	3
<a href="#"><u>Canada Life</u></a>	4
<a href="#"><u>Just</u></a>	5
<a href="#"><u>Legal &amp; General</u></a>	6
<a href="#"><u>Pension Insurance Corporation (PIC)</u></a>	7
<a href="#"><u>Rothesay</u></a>	8
<a href="#"><u>Scottish Widows</u></a>	9
<a href="#"><u>Standard Life</u></a>	10



*We've been lead adviser  
on over 35% of all buy-ins  
and buy-outs over £500m  
between 2014 to 2021.*

---

## Quick links



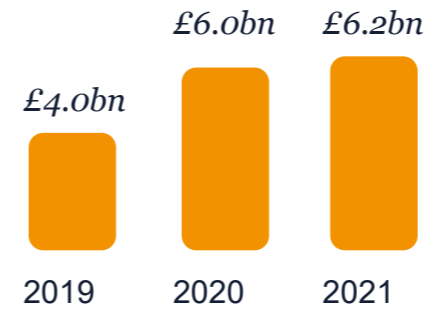
[Future demand and supply in the buy-in and buy-out market - 2022](#)



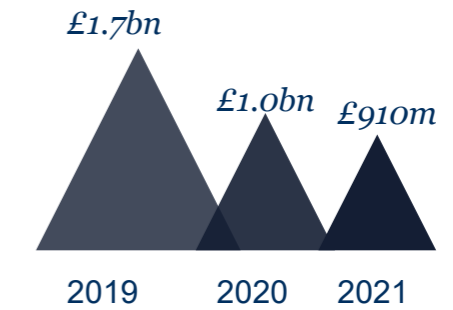
[Analysis of transaction data](#)

- **Background:** Entered the bulk annuity market in 2006. Position themselves as a “whole of market” insurer, transacting both small (i.e. single £m) and large (£1bn+) cases.
- **Market share:** Has gradually increased market share in recent years, and had the highest share of the market (by volume) in 2021 at 22%.
- **Significant transactions:** Aviva’s largest external transactions to date are a £1bn pensioner buy-in with the Co-operative Pension Scheme in January 2020. Has also completed a number of transactions with its own pension scheme, including a £1.7bn pensioner and deferred buy-in during 2019.

## Business volumes



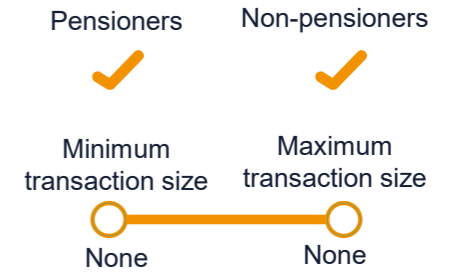
## Largest pension plan transaction



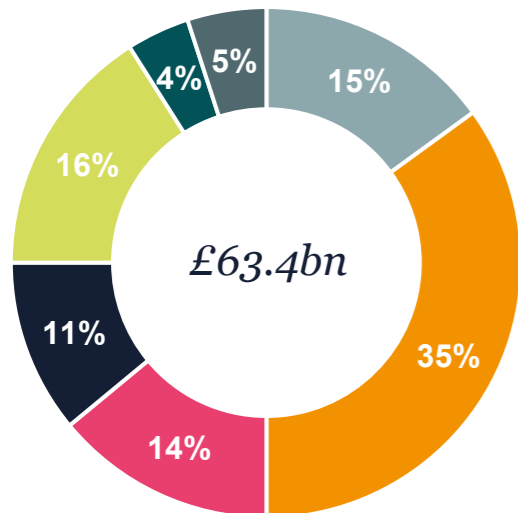
## Team size



## Target market



## Annuity asset portfolio



- Gilts and cash
- Corporate bonds
- Equity release/lifetime mortgages
- Commercial mortgages and healthcare
- Infrastructure
- Private placement
- Other

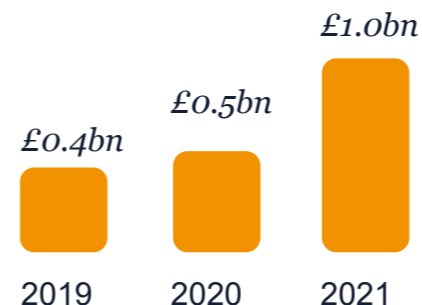
## Transaction features offered

	Typically offered?	Minimum transaction size?
Residual risk cover	✓	c.£100m (on a case-by-case basis)
Termination/surrender	Considered on a case-by-case basis	c.£500m+
Collateral structures	Considered on a case-by-case basis	Considered on a case-by-case basis

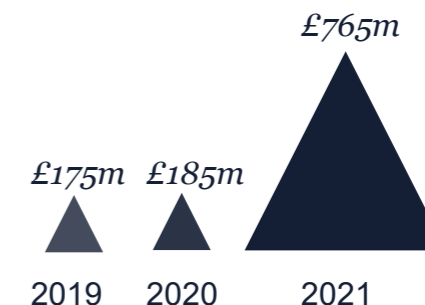
# Canada Life

- **Background:** Entered the bulk annuity market at the end of 2015. Initially focused on smaller pensioner buy-ins under c.£100m, but are now targeting larger pensioner buy-ins (c.£500m+). They are looking to start quoting on transactions including non-pensioners from the end of 2022.
- **Market share:** In 2021 Canada Life wrote twice as much annuity business than in 2020, taking its market share to 4%.
- **Significant transactions:** Wrote its largest deal to-date in 2021, a £765m pensioner buy-in for an undisclosed scheme.

## Business volumes



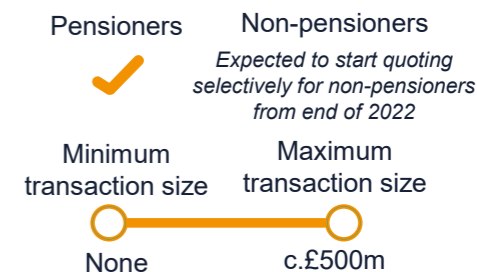
## Largest pension plan transaction



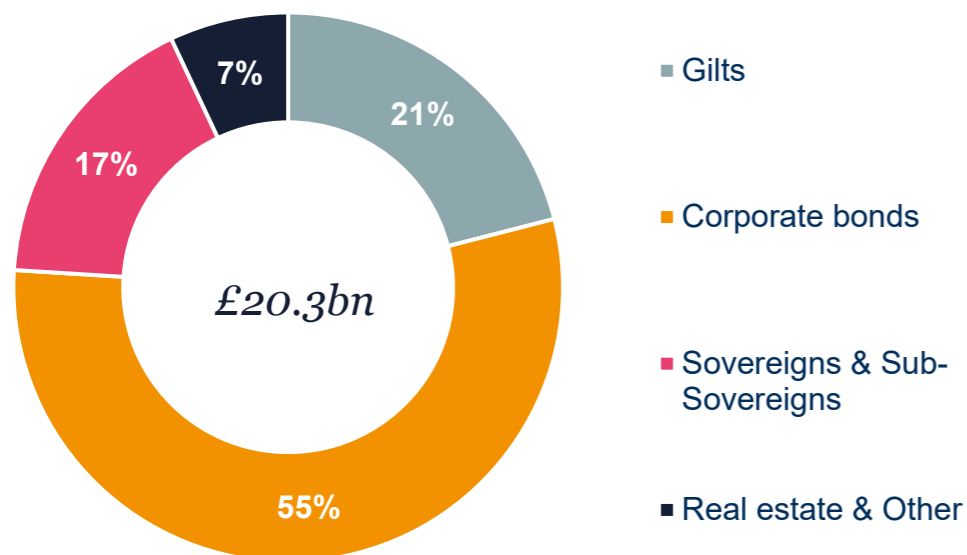
## Team size



## Target market



## Annuity asset portfolio

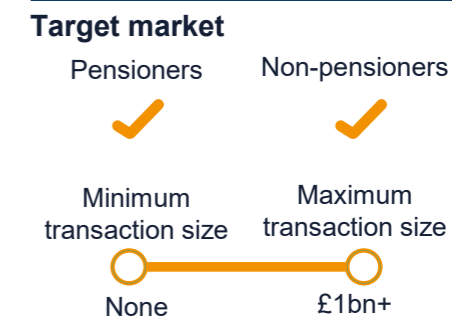
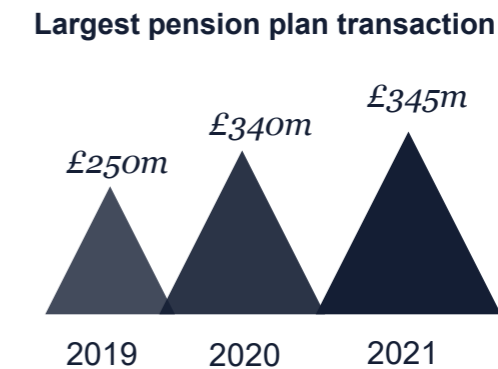
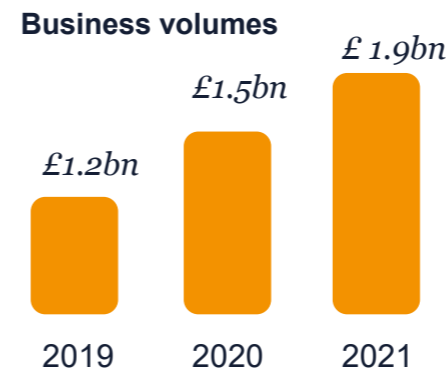


Date: 30 June 2022

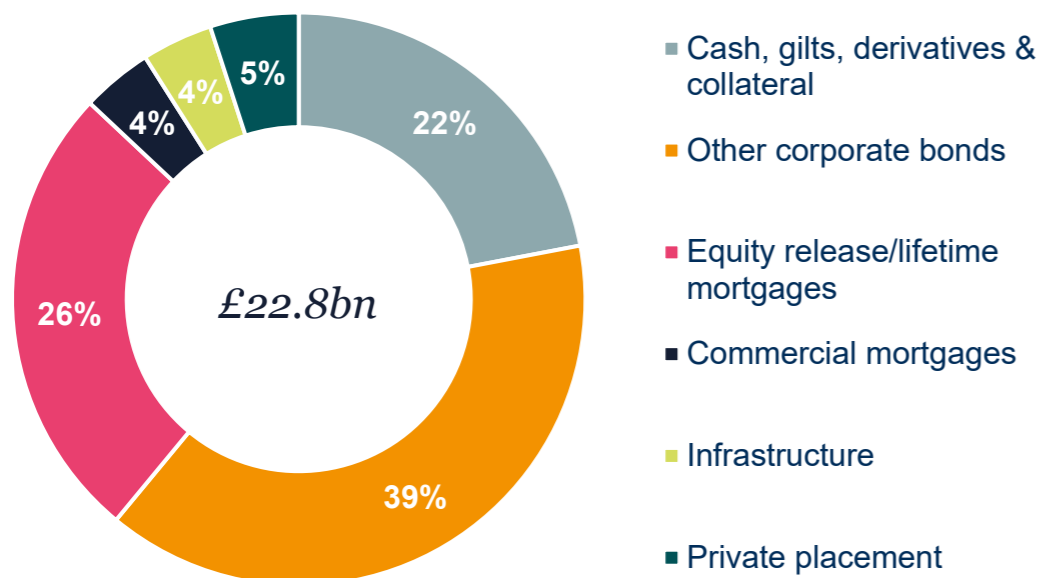
## Transaction features offered

	Typically offered?	Minimum transaction size?
Residual risk cover	x (but proposition being considered)	n/a
Termination/surrender	x (but will consider for selective cases)	n/a
Collateral structures	x	n/a

- **Background:** Formed by the merger of Just Retirement and Partnership in 2016. In recent years Just has increased its capability for both larger transactions and those involving non-pensioners.
- **Market share:** Just has steadily increased its volumes and market share in recent years, which stood at 7% in 2021.
- **Significant transactions:** In July 2022 Just completed its largest transaction to date; a £500m full scheme buy-in with the Barloworld UK Pension Scheme.



## Annuity asset portfolio



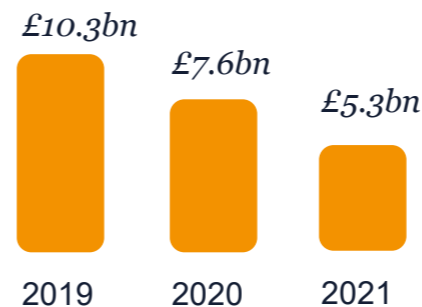
## Transaction features offered

	Typically offered?	Minimum transaction size?
Residual risk cover	Considered on a case-by-case basis	Considered on a case-by-case basis
Termination/surrender	x	n/a
Collateral structures	x	n/a

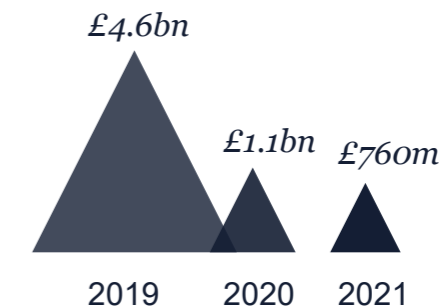
# Legal & General

- **Background:** Longest established provider in the bulk annuity market, typically quoting on the full range of transaction sizes and types (although more selectively at the smaller of the market).
- **Market share:** Held a c.20% market share in both 2020 and 2021.
- **Significant transactions:** Wrote the second largest single transaction ever – a £4.6bn pensioner buy-in for one of the Rolls Royce pension schemes. L&G also has the largest buy-in policy in the UK – a c£6bn buy-in with the ICI Pension Fund across 11 transactions.
- **Other offerings:** L&G offers alternative de-risking solutions, including their Assured Payment Policy (APP) product, for which they have completed three transactions (including two for L&G’s own pension schemes).

## Business volumes



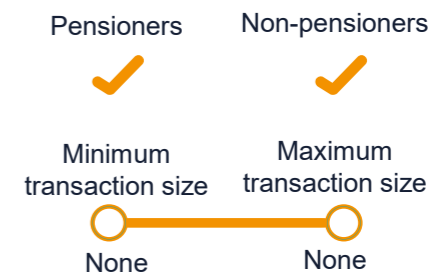
## Largest pension plan transaction



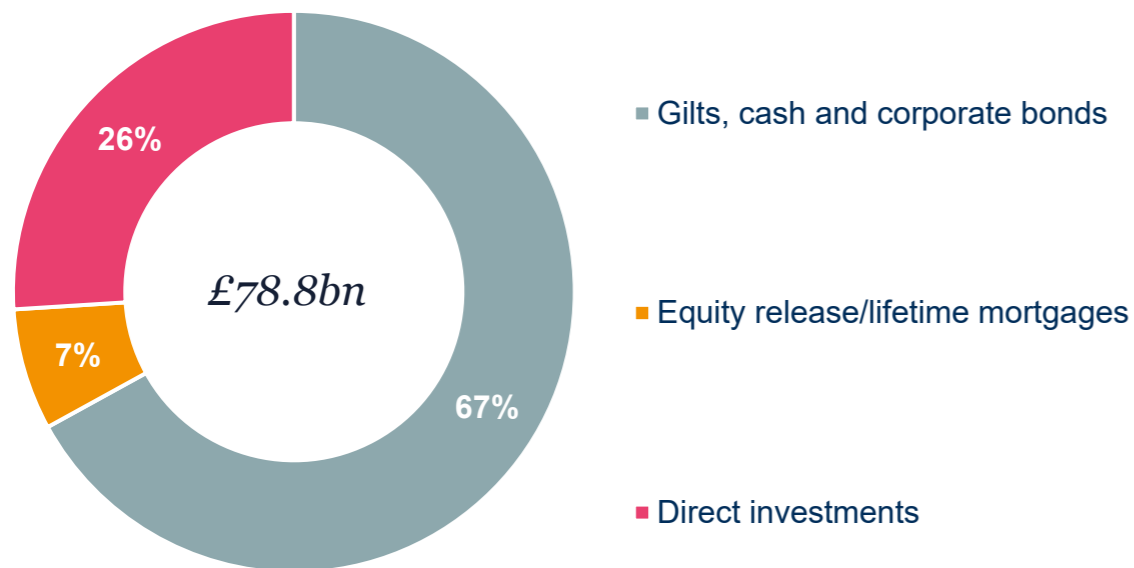
## Team size



## Target market



## Annuity asset portfolio



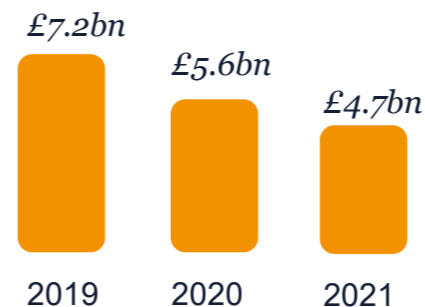
## Transaction features offered

	Typically offered?	Minimum transaction size?
Residual risk cover	✓	c.£100m (but considered case-by-case basis)
Termination/surrender	Considered on a case-by-case basis	c.£1bn
Collateral structures	Considered on a case-by-case basis	Considered on a case-by-case basis

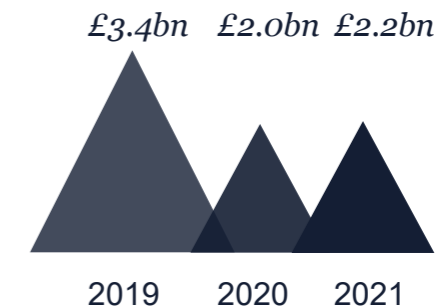
# Pension Insurance Corporation (PIC)

- **Background:** Established specialist mono-line insurer (i.e. only writing bulk annuity business). Entered the market in 2006.
- **Market share:** Held a c.20% market share in both 2020 and 2021.
- **Significant transactions:** Full buy-in transactions with the Philips Pension Fund in 2015 for £2.4bn, the Old British Steel Pension Scheme in 2020 for £2.0bn, and The Metal Box Pension Scheme in 2021 for £2.2bn. Largest transaction to-date completed in 2019 for £3.4bn (for the BAT UK Pension Fund).

## Business volumes



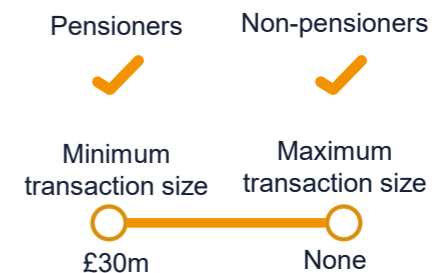
## Largest pension plan transaction



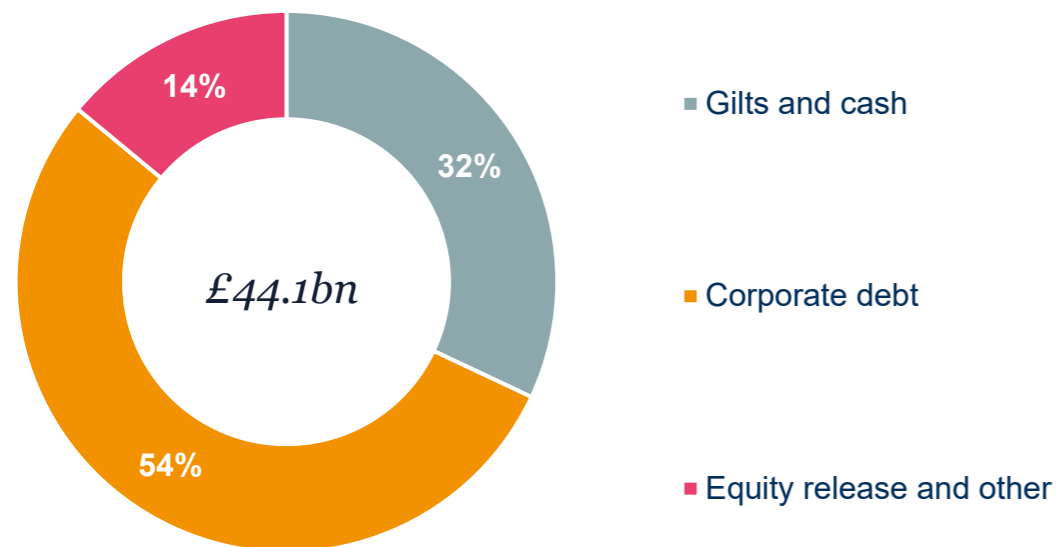
## Team size



## Target market



## Annuity asset portfolio



- Gilts and cash
- Corporate debt
- Equity release and other

Date: 30 June 2022

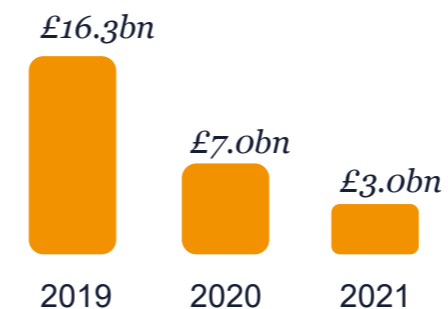
## Transaction features offered

	Typically offered?	Minimum transaction size?
Residual risk cover	✓	Considered on a case-by-case basis
Termination/collateral structures	x	n/a
Collateral structures	x	n/a

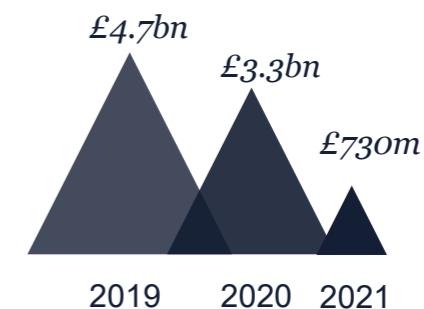
# Rothesay

- **Background:** Established specialist mono-line insurer (i.e. only writing bulk annuity business). Entered the market in 2007. As well as bulk annuities, Rothesay Life has grown through acquisitions (Paternoster in 2011 and MetLife Assurance Limited in 2014) and annuity back-book transfers (£6bn from Aegon in 2016 and £12bn from Prudential in 2018).
- **Market share:** Has varied in recent years with timings of the very large transactions, and the significant back-book transfers noted above. Market share stood at 37% in 2019, 22% in 2020, and 11% in 2021.
- **Significant transactions:** Full buy-in with telent in 2019 for £4.7bn (the largest transaction ever), full buy-in for Asda in 2019 for £3.8bn, buy-in for Allied Domecq Pension Fund for £3.8bn in 2019.

## Business volumes



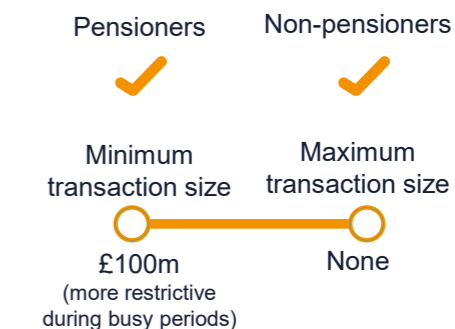
## Largest pension plan transaction



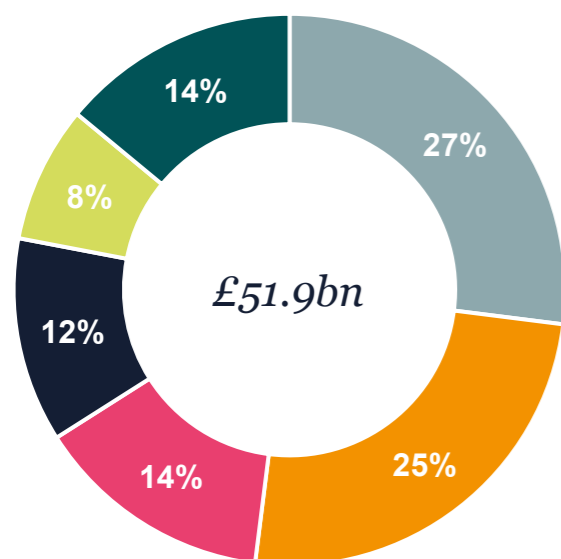
## Team size



## Target market



## Annuity asset portfolio



- UK sovereign, Supranational bonds, Quasi-sovereign
- Corporate bonds
- Secured residential mortgages
- Equity release mortgages
- Infrastructure
- Cash and other

## Transaction features offered

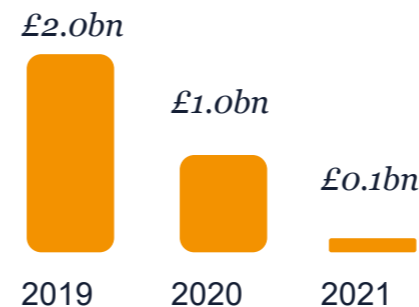
Feature	Typically offered?	Minimum transaction size?
Residual risk cover	✓	c.£200m
Termination/surrender	x	n/a
Collateral structures	x	n/a



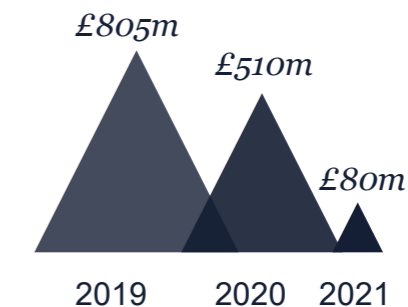
# Scottish Widows

- **Background:** Entered the bulk annuity market in late 2015. Have mainly written pensioner buy-ins to date but has the capability to operate across the whole market and has transacted some full buy-outs.
- **Market share:** Scottish Widows had a quiet 2021 (completing only one transaction for under £100m), but have been more active in 2022 and wrote £0.4bn of deals in the first half of the year.
- **Significant transactions:** Pensioner buy-ins with Electricity North West in 2019 for £805m and with the Littlewoods Pensions Scheme in 2018 for £880m.

## Business volumes



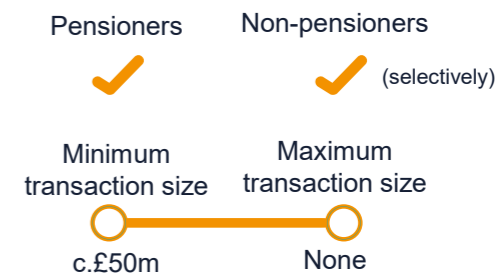
## Largest pension plan transaction



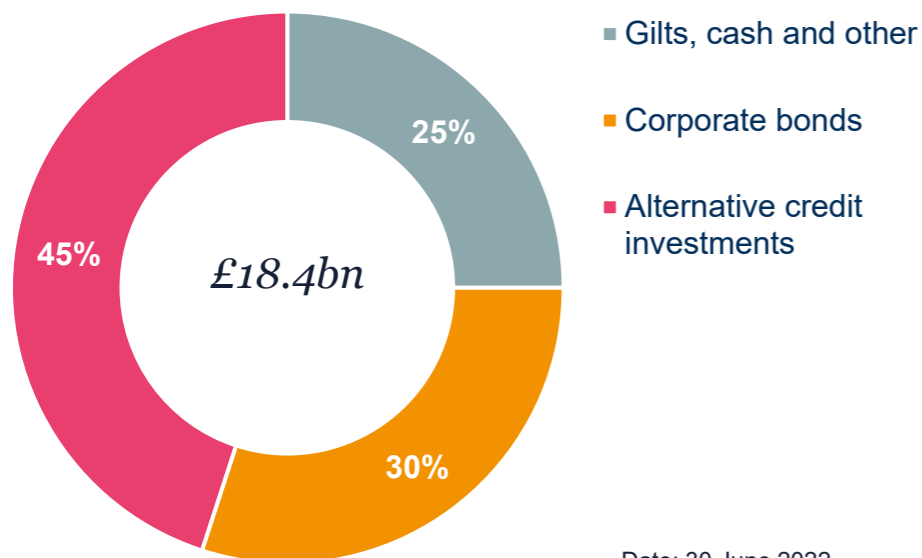
## Team size



## Target market



## Annuity asset portfolio



Date: 30 June 2022

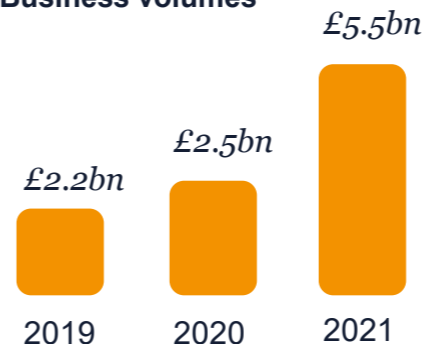
## Transaction features offered

	Typically offered?	Minimum transaction size?
Residual risk cover	✓	Considered on a case-by-case basis
Termination/surrender	Considered on a case-by-case basis	No minimum size
Collateral structures	Considered on a case-by-case basis	Considered on a case-by-case basis

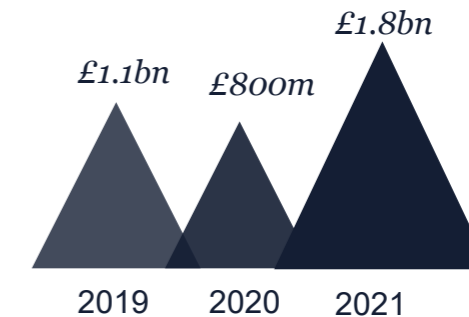
# Standard Life

- **Background:** In late 2016 completed a £1.2bn buy-in with its own pension plan. Formally entered the bulk annuity market in 2017. Previously operated as Phoenix Life, with the Standard Life brand adopted in 2021.
- **Market share:** Increased its market presence in recent years writing twice as much business in 2021 than 2020 (increasing its market share to c.20%)
- **Significant transactions:** Largest external deals to date are a £1.8bn pensioner buy-in with Imperial Tobacco and a £1.7bn full buy-in with Gallaher (both in 2021).

## Business volumes



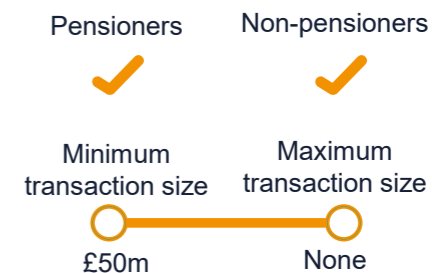
## Largest pension plan transaction



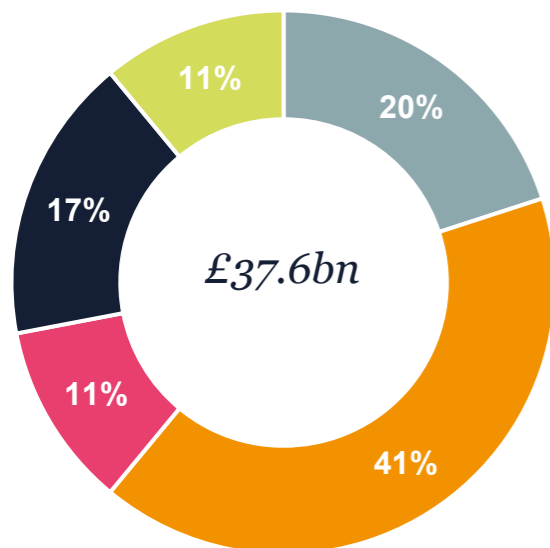
## Team size



## Target market



## Annuity asset portfolio



- Gilts and Sovereign Debt
- Corporate bonds
- Equity release mortgages
- Private Credit, Infrastructure & Real estate
- Other assets

Date: 30 June 2022

## Transaction features offered

	Typically offered?	Minimum transaction size?
Residual risk cover	✓	c.£200m (on a case-by-case basis)
Termination/surrender	Considered on a case-by-case basis	c.£1bn
Collateral structures	x	n/a

## Contact us

If you would like more information please contact your usual LCP adviser or one of our specialists below.



*Charlie Finch*  
*Partner*  
+44 (0)20 7432 0625  
charlie.finch@lcp.uk.com



*Imogen Cothay*  
*Partner*  
+44 (0)20 7432 0653  
imogen.cothay@lcp.uk.com



*Clive Wellstead*  
*Partner, Head of Practice*  
+44 (0)20 7432 6651  
clive.wellstead@lcp.uk.com



*Emma Colpus*  
*Senior Consultant*  
+44 (0)20 7432 7776  
emma.colpus@lcp.uk.com



*David Lucas*  
*Consultant*  
+44 (0)20 7432 6702  
david.lucas@lcp.uk.com

*At LCP, our experts provide clear, concise advice focused on your needs. We use innovative technology to give you real time insight & control. Our experts work in pensions, investment, insurance, energy, financial wellbeing and business analytics.*

Lane Clark & Peacock LLP   Lane Clark & Peacock LLP   Lane Clark & Peacock Ireland Limited  
London, UK   Winchester, UK   Dublin, Ireland  
Tel: +44 (0)20 7439 2266   Tel: +44 (0)1962 870060   Tel: +353 (0)1 614 43 93

All rights to this document are reserved to Lane Clark & Peacock LLP ("LCP"). This document may be reproduced in whole or in part, provided prominent acknowledgement of the source is given. We accept no liability to anyone to whom this document has been provided (with or without our consent).

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 authorised and regulated by the Financial Conduct Authority and is licensed by the Institute and Faculty of Actuaries for a range of investment business activities.