



## PENSION RISK TRANSFER MARKET TO HAVE BUSIEST QUARTER SINCE Q3 2008

London, 19 October 2009 - Pension Corporation, a leading provider of risk management solutions to defined benefit pension funds, expects that the final three months of 2009 will be the busiest for pension insurance buyout and buy-ins since Q3 2008, when there was approximately £2 billion of risk transferred.

Pension Corporation's latest Pension Risk Transfer Index, published today, shows that overall affordability for pension insurance is at its most favourable level since September 2008. Sponsors and trustees are anxious to de-risk their pension funds post the Lehman bankruptcy; and in addition, as credit spreads continue to come in, those schemes invested in gilts and corporate bonds have an impetus to transact as the cost of delay becomes relatively more expensive for them.

High levels of uncertainty around the markets and the economy are leading Trustees to seek to increase the speed of a risk transfer transaction. This trend is being driven by concerns that scheme assets will again reduce in value if there is a second wave of asset price falls; also around future economic policy, including the phasing of quantitative easing and consequential levels of inflation; and the weakening of the corporate covenant should insolvency rates increase.

As well as quicker transaction processes, Trustees are increasingly seeking innovative risk transfer solutions, rather than a straight focus on price, as concerns over market volatility mount. This has manifested itself in Trustees increasingly requesting the

immediate transfer of investment risk to the insurer upon signing of exclusivity, rather than on signing of the detailed policy documents.

David Collinson, Partner at Pension Corporation, commented:

“Several key factors in the market are helping to drive sponsors and trustees to offload as much risk as they are able to afford during this quarter. Perhaps the most significant of these is that the overall affordability for schemes is at its most favorable since September 2008, just before Lehman collapsed.

“However, it should be noted that Trustees, whilst keenly interested in price, are now considering other factors when they wish to transact. One of the key innovations which we are increasingly being asked to provide is the immediate transfer of investment risk during the period of exclusivity before contracts are signed.”

**Notes to Editors:**

For further information please contact:

<b>Pension Corporation</b>	Jeremy Apfel	+44 20 7105 2140
<b>Financial Dynamics</b>	Rob Bailhache	+44 20 7269 7200
	Nick Henderson	+44 20 7269 7114
	Caroline Parker	+44 20 7269 7295

**About Pension Corporation**

Pension Corporation removes pension risks from the trustees and sponsors of defined benefit pension funds. As a market leader it provides risk solutions ranging from full pension insurance buyout to longevity risk insurance, sponsor stewardship and asset-liability management. The Group provides increased levels of security and stability for members benefits through Pension Insurance Corporation Ltd (“PIC”), an FSA authorised and regulated insurance company; and Pension Corporation Investments LP Inc. (“PCI”). For further information please visit [www.pensioncorporation.com](http://www.pensioncorporation.com)