

RATING ACTION COMMENTARY

Fitch Affirms Pension Insurance Corporation's 'A+' IFS Rating; Outlook Stable

Thu 14 Aug, 2025 - 11:00 AM ET

Fitch Ratings - London - 14 Aug 2025: Fitch Ratings has affirmed Pension Insurance Corporation PLC's (PIC) Insurer Financial Strength (IFS) Rating at 'A+' (Strong) and Long-Term Issuer Default Rating (IDR) at 'A'. The Outlooks are Stable.

A full list of rating actions is below.

The ratings primarily reflect PIC's very strong capitalisation and leverage and strong company profile. In July 2025, PIC announced that Athora Holding Ltd (rated operating subsidiaries SRLEV N.V., Athora Life Re Ltd. IFS rating: A/Rating Watch Positive) had agreed to acquire Pension Insurance Corporation Group Limited (PICG) and its subsidiary PIC, subject to regulatory approval. The acquisition is likely to complete in early 2026. PIC's ratings are unaffected by the proposed acquisition.

KEY RATING DRIVERS

Strong Company Profile: PIC's company profile reflects its consistently improved operating scale and strong competitive positioning in the UK bulk annuity market, where it is one of the leaders, with financial investments of GBP51 billion at end-2024 (end-2023: GBP47 billion). These are partly offset by the insurer's limited geographical and product diversification due to its focus on the UK bulk annuity market.

In 2024, PIC generated its highest ever new business volumes, at GBP8.1 billion, up from GBP6.9 billion in 2023. Fitch expects strong volumes over the medium term, supported by resilient demand from corporates to offload their pension liabilities.

Acquisition Neutral to Ratings: PIC's acquisition by Athora is ratings neutral. This reflects our view that PIC's ratings are in line with our expectations for the Athora group's ratings after the transaction. PIC will become Athora's first UK subsidiary and continue to operate under existing brand names. Fitch expects to assess PIC as "core" to the Athora group.

Very Strong Capitalisation: PIC's Prism Global model remained 'Extremely Strong' at end-2024. Its Solvency II (S2) coverage ratio was very strong at 236% at end-2024 (end-2023: 211%), supported by steady operating surplus generation. Fitch expects the insurer's capital position to remain supportive of growth in new business volumes.

Very Strong Financial Leverage: The insurer's Fitch-calculated financial leverage ratio (FLR) was very strong, at 23% at end-2024 under IFRS 17 (end-2023: 21%). The ratio slightly deteriorated from 21% at end-2023, following PIC's GBP500 million Tier 2 issuance in May 2024, partly offset by the tender and maturity of about GBP224 million of its existing Tier 2 subordinated notes. However, we expect PIC's FLR to remain strong and commensurate with its rating.

Very Strong Financial Performance: PIC's reported underlying profits, comprising new business and in-force profits deteriorated to GBP887 million in 2024, from GBP939 million in 2023, due to lower new business profits and not implementing reinsurance arrangements on some new business written late in 2024. Prevailing market conditions meant that, like other bulk annuity insurers, the company opted to write new business using capital-light strategies, resulting in lower margins. Fitch expects PIC's profit fundamentals to remain very strong, supported by a steady release of earnings from its in-force book, selective writing of profitable businesses and a strong return on investments.

The timing of profit recognition is delayed under IFRS 17, and profits are recognised progressively over the duration of the insurance contracts. PIC reported an IFRS pre-tax profit of GBP370 million in 2024, up from GBP303 million in 2023. This was due to a smaller deferral of profits offsetting the negative impact of lower new business margins and delayed implementation of reinsurance arrangements for some of the new business written late in 2024.

Low Investment Risk: PIC has a high-quality investment portfolio, with 77% of its debt securities at end-2024 rated 'A' or above, including privately placed investments. The company's cumulative investments in privately sourced debt in the UK reached GBP13.8 billion at end-2024 (end-2023: GBP13 billion), which accounted for 27% of its financial investments. PIC's internally rated portfolio amounted to GBP11.6 billion at end-2024 (end-2023: GBP8.3 billion) or 23% of total financial investments. PIC had no credit defaults in its portfolio.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A significant weakening of capitalisation, as reflected, for example, in an S2 ratio below 150%.
- Deterioration in the FLR to above 28% on a sustained basis.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

We could upgrade PIC's ratings on a significant increase in product and geographical diversification.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS



ENTITY / DEBT ↕	RATING ↕			PRIOR ↕
Pension Insurance Corporation PLC	LT IDR	A	Affirmed	A
	LT IFS	A+	Affirmed	A+
subordinated	LT	BBB+	Affirmed	BBB+
subordinated	LT	A-	Affirmed	A-
subordinated	LT	BBB	Affirmed	BBB

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issuer's available public disclosure.

APPLICABLE CRITERIA

[Insurance Rating Criteria \(pub. 04 Mar 2024\) \(including rating assumption sensitivity\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Prism Global (ex-U.S.) Model, v1.8.2 (1)

ADDITIONAL DISCLOSURES

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ENDORSEMENT STATUS

Pension Insurance Corporation PLC

UK Issued, EU Endorsed

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