



PENSION INSURANCE
CORPORATION

PENSION INSURANCE CORPORATION REINSURES £1.4 BILLION OF LONGEVITY EXPOSURE

London, 25 November 2013 – Pension Insurance Corporation (“PIC”), a specialist provider of insurance solutions for defined benefit pension funds, is pleased to announce that it has recently concluded reinsurance transactions covering £1.4 billion of its own longevity exposure. The transactions are with global reinsurers, including around £1.1 billion with Reinsurance Group of America (RGA). PIC has now reinsured more than £5 billion of longevity risk, demonstrating the company’s commitment to a stable balance sheet with low exposure to increasing life expectancy.

The reinsurance transactions cap a successful year for PIC, with the company having insured more than £3 billion of UK defined benefit pension scheme liabilities.

Pension schemes are exposed to the risk that if their pensioners live longer than projected they will have to pay their pensions for longer and therefore need more assets to cover the shortfall. When PIC insures a pension scheme through a buyout or buy-in it takes on that risk. As part of its risk management framework, PIC may seek to pass some of its longevity exposure on to the reinsurance market. Reinsurers may be more efficient holders of this risk because of their offsetting exposure to mortality risk.

Rob Sewell, Chief Financial Officer at PIC said, “2013 has been a very successful year for PIC, having insured more than £3 billion of pension scheme liabilities. We are delighted with this record year, but also pleased to have been able to efficiently

manage our exposure to longevity risk. For each year that life expectancy exceeds predictions, liabilities increase by about 3%. We will continue to manage our exposure to longevity risk to help ensure that our policyholders' pensions remain secure for the long-term.”

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Notes to Editors:

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About Pension Insurance Corporation

Pension Insurance Corporation (“PIC”) provides tailored pension insurance buyouts and buy-ins to the trustees and sponsors of UK defined benefit pension funds. A market leader, PIC brings safety and security to scheme members' benefits through innovative, bespoke insurance solutions, which include deferred premiums and the use of company assets as part payment. PIC has almost £9bn in assets and has insured more than 85,000 pension fund members. Clients include FTSE 100 companies, multinationals and the public sector. PIC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority (FRN 454345). For further information please visit www.pensioncorporation.com