HYMANS ROBERTSON

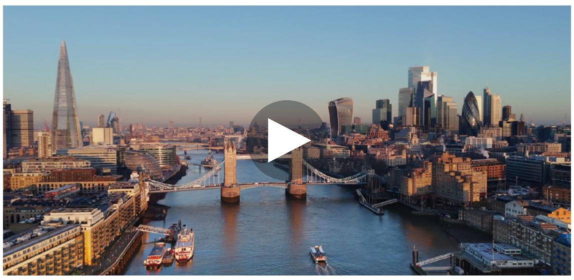
RISK TRANSFER CONFERENCE 6 NOVEMBER 2025

The pensions risk transfer market has experienced significant activity and transformation in recent times. In just a couple of years, we've gone from a run of new entrants to consolidation, and alternatives like superfunds becoming established. Member experience is becoming more important for trustees, and insurers are investing in their services to meet the evolving requirements.

Attendees at our 2025 Risk Transfer conference heard from insurers, pension scheme trustees and our market-leading risk transfer team. Sessions covered insurers in a changing market, data journeys, superfunds and member experience – read further insights on individual sessions on the next page.

If you'd like to discuss any of these topics further, or have any questions, please get in touch.

You can also hear what our speakers and guests had to say about the day here.



Lara Desay

Head of Risk Transfer

NAVIGATING THE RISK TRANSFER LANDSCAPE: INSURER PERSPECTIVES ON A SHIFTING MARKET

HOST

Michael Abramson
Hymans Robertson

PANELLISTS

Pretty Sagoo
JUST Group

Andrew Kail
L&G

Kerrigan Procter
Prudential

We expect a high volume of transactions this year, even as the overall value might be slightly below the record highs of the past few years. As the number of transactions grows, concerns are emerging.

One of the biggest concerns is around capacity: can insurers accommodate so many deals? The panellists agreed that insurers have enough capacity to take on what's coming over the next few years without creating backlogs. Before taking on more deals, insurers are investing in people, processes and technology to increase capacity.

Other concerns relate to how insurers are doing business. Several bulk annuity providers have, or are in the process of getting, private investment. For example, Brookfield Wealth Solutions is acquiring Just, Athora is acquiring PIC, and L&G has announced a 'strategic partnership' with Blackstone. Although public companies have more transparency than private companies, outside investment can provide more capital to write deals, as well as greater flexibility.

Insurers' investment in private credit raises concerns about credit risk. Panellists pointed out that the market has learnt from previous credit crises and embedded several things to mitigate that risk. For example, instant and credible management information, portfolio diversification and high levels of collateral. However, vigilance is still needed to keep portfolios resilient: insurers should proactively monitor and manage their risk exposures.

The insurance regulator has highlighted the risks of funded reinsurance. When entering into a funded reinsurance contract, an insurer passes on to a reinsurer part of the buy-in/buy-out premium received from the pension scheme. The reinsurer then pays the insurer every month, and the insurer passes these payments on to the pension scheme or directly to the pensioners. The panel pointed out that the funded reinsurance is still a small part of the insurance portfolio, and is an extension of reinsurance that the bulk annuity market has been using for years.

Insurers are aware of opportunities as well as risks, and are innovating to meet the needs of a changing market. For example, they're investing in the member experience and looking at how to help members with retirement decisions, while thinking about how best to tailor their offering for each trustee's needs.

HOW DATA CAN BE MAKE OR BREAK, WHATEVER YOUR ENDGAME STRATEGY

Verity Hastie
Hymans Robertson

Scott Finnie
Hymans Robertson

A pension scheme's member and benefit data must be fit for purpose. It has several purposes such as connecting to the Pensions Dashboards, meeting the Pensions Regulator's (TPR) requirements, equalising GMP and getting a scheme to its endgame.

For a scheme looking to insure benefits, being in a good place with data can attract insurers, who are keen to avoid taking on schemes that are storing up problems for later. **A scheme doesn't need to do all its data work before approaching the market, but the trustees should know the current state of the data.**

Data can affect the final cost of the transaction in other ways too. Some buy-in premiums have been adjusted by as much as 10% after a data cleanse. Such a large adjustment could mean an unexpected employer contribution, or could change a surplus to a deficit. Even an adjustment in a scheme's favour could be unwelcome. The sponsor might feel it's contributed too much, or the member consultation that comes with a surplus could lead to further delays.

Then there's so-called residual risk: the risk of previously unknown liabilities that come to light much later – sometimes even after the scheme has wound up.

Data is important for other endgames too. A superfund needs good data to administer benefits. A scheme that runs on needs to meet TPR's requirements, and only with good data can it have the plan B of pivoting to insurance.

Most schemes have data issues. It's healthier to assume that remediation is needed than to assume it's not. This work is an investment that lets trustees know where they are and what they need to do.

What's the best way to tackle the issue? Not every scheme should approach it in the same way, but all would benefit from a structured, holistic approach. Data projects for endgames, GMP equalisation, Dashboards and TPR requirements overlap, and taking each in isolation risks duplicating work.

Planning the data work as a whole removes these duplications, and lets everyone see the bigger picture. It also eases pressure on stretched administrators, giving them a more predictable workflow and minimising the need to be reactive.

We're moving from a world where most data is right most of the time to a world where all data needs to be right all the time. All schemes and members will benefit from a structured approach and going into projects with eyes open.

NAVIGATING THE RISK TRANSFER LANDSCAPE: INSURER PERSPECTIVES ON A SHIFTING MARKET

HOST

Harry Allen
Hymans Robertson

PANELLISTS

Nick Clapp
TPT Retirement Solutions

Nadeem Ladha
Aretas Trustees

Superfunds were introduced as a new endgame option: an alternative to buy-out that offers member security at a lower cost than insurance and a clean break for the sponsor.

A superfund must go through a robust assessment process with TPR and meet minimum capital requirements for each transaction. A scheme entering a superfund transaction must currently meet TPR's three gateway principles:

1. A transfer to a superfund should only be considered if a scheme cannot access buy-out now.
2. A transfer to a superfund should only be considered if a scheme has no realistic prospect of buy-out in the foreseeable future.
3. A transfer to the chosen superfund improves the likelihood of members receiving full benefits.

The UK's first defined benefit (DB) superfund, Clara-Pensions, completed its first transaction two years ago. The first two transactions improved outcomes for 20,000 pension scheme members. There have been two more transactions since – both with solvent sponsors, demonstrating that superfunds have a bigger role to play than perhaps the industry first thought.

The Pension Schemes Bill paved the way for future superfund legislation, giving confidence to decision makers that superfunds are here for the long term.

During our *Evolution of superfunds and their role in shaping DB endgames* webinar, 80% of trustees said they view superfunds as a viable endgame."

Future innovation, policy changes and competition is expected to allow more of the market access to the potential benefits of superfund. For example, streamlining and innovation could support superfund transactions for smaller schemes, as it has done in the insurance market. New superfund models such as offering surplus sharing to members may also be appealing to schemes looking to offer member upside but unable to run-on.

The panellists talked about the widening universe of schemes potentially considering superfunds and the increased choice for schemes considering their endgame. The panel noted that choice isn't everything – variety matters too. Superfunds could solve a range of problems that schemes might face.

As more superfund providers launch, a market will develop further. TPT recently announced it's launching its own superfund, designed as a 'run-on superfund' – different from Clara's 'bridge to buy-out' model. TPT is initially targeting schemes of £50m to £500m.

The panel recommended that schemes considering their endgame think strategically: clearly articulating objectives, desired outcomes and comparing these carefully to the status quo.

THE IMPORTANCE AND EVOLUTION OF MEMBER EXPERIENCE

HOST

James Mullins
Hymans Robertson

PANELLISTS

Donna Prince
Hymans Robertson

Maria Keen
IGG

Leah Lovett
Standard Life

Historically, trustees chose an insurer based on price and financial strength. These factors are still important, but trustees increasingly recognise that member experience is important too. As the risk transfer market becomes more competitive, trustees can be more picky in this area.

When pension scheme members transfer from the sponsor to an insurer, it can be an unsettling time, especially if they're dealing with an unfamiliar 'name'. **Trustees want the transition to be seamless, with clear, timely and respectful communication to members.**

It's important that members receive the benefits due to them on time. But it's also important that they can talk to someone if they have questions, and that the insurer's administration links with what members are used to. Members' expectations are changing, and developments like Pensions Dashboards are likely to change them further.

The bulk annuity product is similar from each insurer, so they must look for other ways to stand out for trustees. That's why they're all investing in the member experience, from member communications to the feedback process.

Trustees have taken notice. They're looking for an insurer's capabilities from the point of buy-out into the long term, including how flexible they are, and how they handle complex requirements.

Many trustees think about the member experience after the buy-out, but the period between the buy-in and the buy-out is important too. The data cleanse is one source of risk; another is factors and member quotations. We know what insurers can do with factors, but trustees often overlook how the administrator is implementing these factors so members can get quotes when they want them.

Trustees and insurers can both mitigate this risk by preparing in good time. Trustees can get to know the insurer's admin processes early, and insurers can get to know the scheme.

Each trustee has its own needs and preferences. So it's worth comparing each insurer's offering carefully. Looking at the processes and resourcing can be enlightening too, as they may offer clues to how the offering could develop in the long term.

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