

# Flash Poll: Risk Settlement in the Current Market

## December 2020



**SPP held the event *Risk Settlement in the Current Market* on 7 December 2020. We asked 110 people three polling questions, with the following reflections.**

**Q1: What is the main endgame objective of the pension scheme(s) you represent or work with?**

Nearly two-thirds of respondents suggested that full buy-out with an insurance company was the main endgame objective of the pension they work with. This demonstrates the likely significant and growing demand from UK pension schemes over the next 10 – 15 years for insurance buy-outs. It also raises the question of what proportion of the £2 trillion UK defined benefit pensions market can be absorbed by the insurance industry, given that it currently writes in the range of £20bn - £40bn of business per year.

**Q2: What proportion of the transactions that you have been involved in have been delayed, postponed or cancelled?**

Over half of respondents indicated that less than 10% of the buy-in or buy-out transactions they were involved with were delayed or cancelled due to Covid-19. This shows that well prepared pension schemes were still able to transact despite the Covid-19 disruption. It also highlights that the insurance industry has, to date, remained robust through the uncertainty in financial markets.

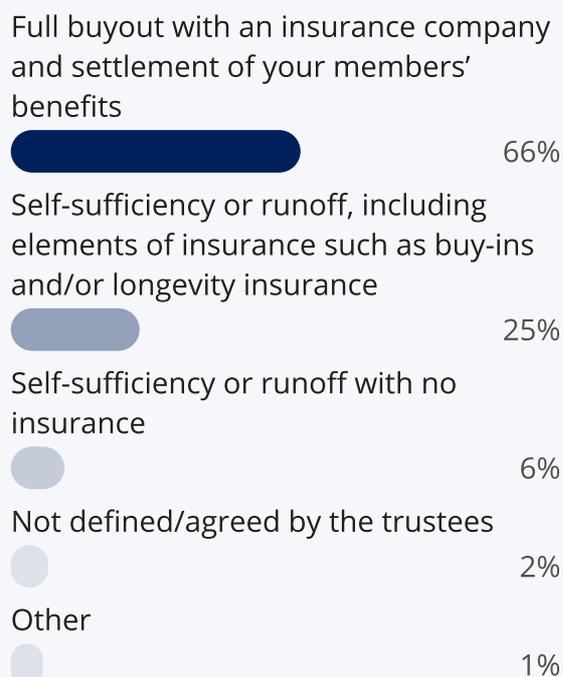
**Q3: What impact has the fallout from Covid-19 had on your appetite to de-risk?**

Two thirds of respondents said that Covid-19 had no impact on their appetite to de-risk. This suggests that long-term drivers such as scheme maturity and reduced appetite for pensions risk are more important than short-term drivers such as market shocks.

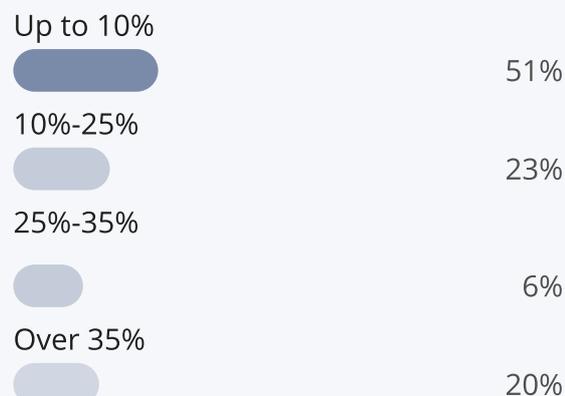
**Ken Hardman, Partner, Lane Clark & Peacock LLP**

[Polls Next Page](#) ↘

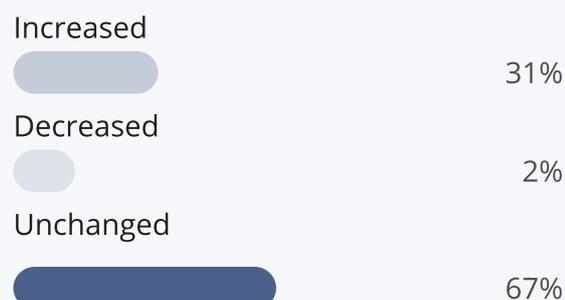
### What is the main endgame objective of the pension scheme(s) you represent or work with?



### What proportion of the transactions that you have been involved in have been delayed, postponed or cancelled?



### What impact has the fallout from Covid-19 had on your appetite to de-risk?



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