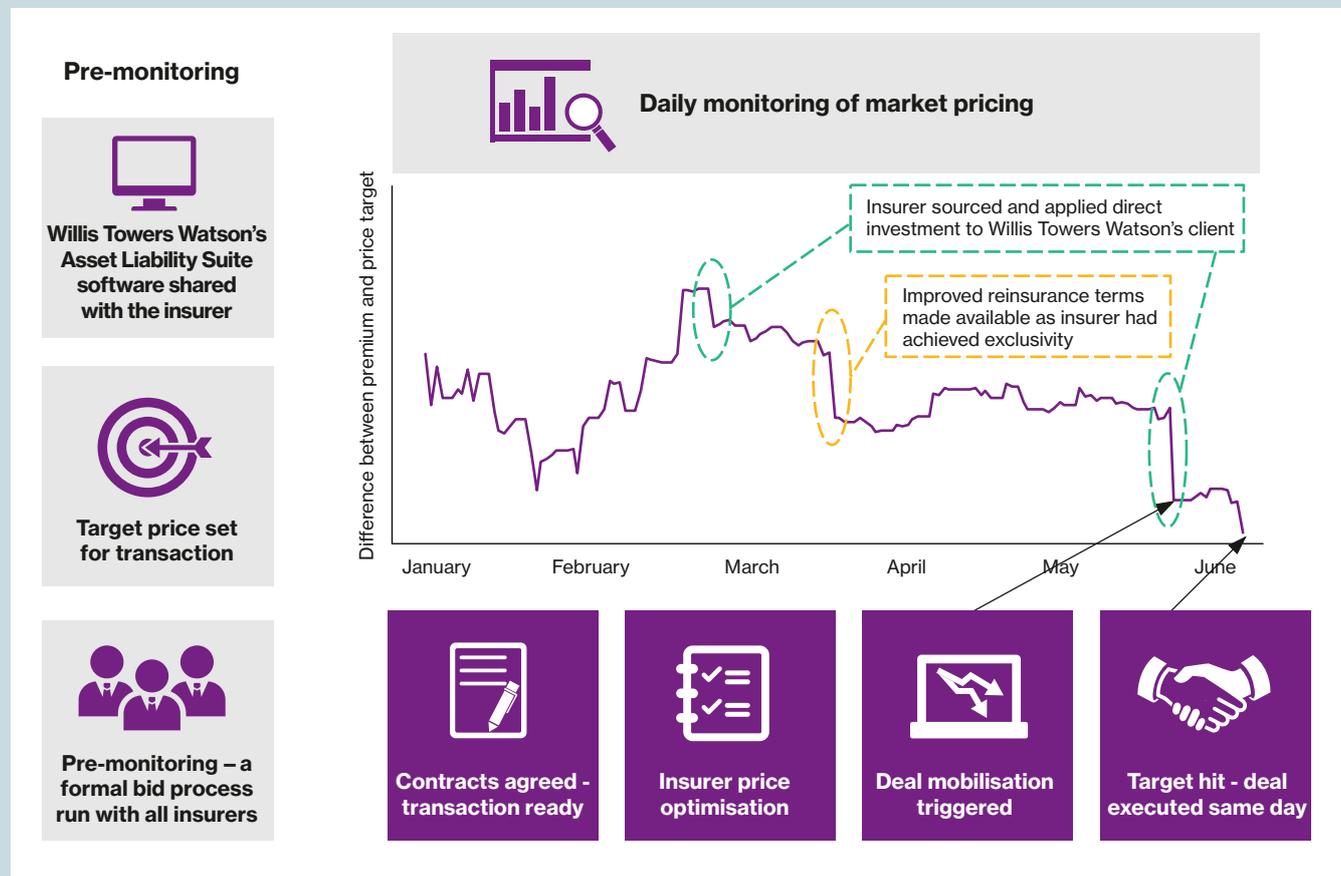


Asset Liability Suite

Case study: Bringing it all together - Project Ireland

Monitoring market pricing using Asset Liability Suite and working with the insurance partner to optimise assets creates additional value.



Our client wanted to secure a £250 million buy-in for a market-leading price and also wanted to select an insurer who they believed was the right strategic fit for the scheme and sponsor. As part of Project Ireland, we ran a process to select a preferred insurance partner based on a wide range of selection criteria. Once the Trustee and sponsor had identified their preferred provider, the insurer was set a stretching target premium to try to achieve over an exclusivity period of six months. To help both parties understand how this target moved relative to markets, we used Willis Towers Watson's Asset Liability Suite software, with the insurer and the Trustee able to see the target price online daily.

This was the first time software has been used in this way in the buy-in market. The transparency of the target was key for the insurer to find the perfect asset – the confidence of being able to transact quickly if the price target was met gave the insurer the certainty needed to source a high-yielding, well matching asset and negotiate hard with their reinsurers. Whilst the monitoring was ongoing, the other aspects of the transaction, such as legal terms, were prepared so the buy-in could happen quickly once the target price was met.

Over the first five months of the monitoring period, the insurer reduced the transaction price by in excess of 5% through securing a more optimal asset and improved longevity reinsurance pricing. As the June 2017 general election approached, the insurer's price was only slightly above the target and all parties were aware that a small amount of volatility would allow the target to be hit. The scheme was prepared to take advantage of potentially unique market conditions. The preparation paid off. On the Monday following the election, the insurer confirmed it could meet the price target. The contract was signed within three hours.

Bulk Annuity



Dashboard



Tracker



What-if



Projections



Risk



Triggers

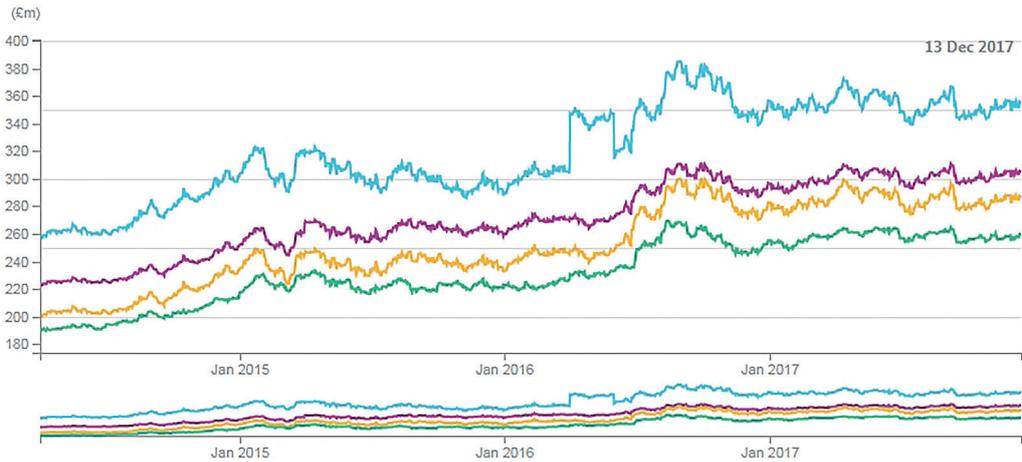


Bulk Annuity



Admin

From: 31 Mar 2014 To: 13 Dec 2017 Members: All Members ▼ Scale Y-Axis



Effective date: 13 Dec 2017

Liabilities / Assets	Effective date	Liabilities / Assets (£m)	(Strain) / Gain versus indicative insurer pricing (£m)
Indicative insurer pricing	13 Dec 2017	354.6	
Technical Provisions	13 Dec 2017	305.5	(49.2)
Gilts	13 Dec 2017	286.9	(67.7)

Asset Liability Suite: daily measuring of the affordability of a bulk annuity

The Bulk Annuity Module provides daily information on the affordability of a bulk annuity covering some or all of your liabilities, using detailed pricing information provided by the main insurers in the bulk annuity market and supplemented by our Transactions team's current experience of the pricing achieved on actual deals in the market. This will give you confidence in the likely outcome of a quotation process, giving you the information you need to engage with stakeholders and prepare a credible proposition to approach the insurance market with, ensuring you get maximum attention and your transaction is prioritised.

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