



PENSION INSURANCE  
CORPORATION

## PIC INSURES £425 MILLION OF CO-OP PENSION LIABILITIES

London, 17 January 2019 – Pension Insurance Corporation plc (“PIC”), a specialist insurer of defined benefit pension funds, has concluded a pension insurance buy-in with the Trustee of the Somerfield Pension Scheme (“the Scheme”), insuring £425 million of pension liabilities. This buy-in will mean that while the Trustee retains responsibility for paying the Scheme’s pensioners, it will receive regular payments from PIC to fund these pension payments into the future. The Scheme is one of several sponsored by the Co-operative Group, in aggregate with around £13 billion of liabilities. The lead transaction adviser to the Trustee was Aon, with legal advice from Eversheds Sutherland and investment advice from Mercer. PIC was advised by Herbert Smith Freehills.

This transaction follows a successful 2018 for PIC, when it wrote £7.1 billion of new business with the trustees of 30 pension schemes (2017: £3.7 billion across 20 schemes).

The Co-op is one of the world’s largest consumer co-ops, owned by millions of members. It has the UK’s fifth biggest food retailer, the UK’s number one funeral services provider, a major general insurance business, and a developing legal services business.

Chris Martin, Executive Chairman of Independent Trustee Services Ltd, and Chair of the Trustee, said: “This buy-in is the result of many years of hard work as we pursued a long-term de-risking strategy and I am pleased that the Co-op and Trustee have been able to work together to complete it in what have been volatile market conditions. I want to thank the Co-op pensions team and our advisers, Aon, for their role throughout the process in scoping and executing the transaction, and Eversheds Sutherland and Mercer, for their advice to the

Trustee. The result further increases the security of Scheme members' benefits. PIC won the transaction based on their ability to complete the transaction in these markets, as well as their overall track record, including a deep-seated commitment to customer care."

Mitul Magudia, Head of Business Development at PIC, said: "This transaction is testament to the long-term de-risking strategy carried out by the Trustee. PIC and Co-op share a similar philosophy in respect of pensioner welfare and we are delighted to have entered this long-term partnership with the Scheme, and the wider Co-op Group. We expect this to be the first of many significant transactions by insurers in 2019."

Tom Scott, Principal Consultant in Aon's Risk Settlement Group, commented: "The transaction, which leveraged the pre-agreed Pathway contract arrangements developed between Aon and Eversheds Sutherland, represents a tremendous outcome for Scheme members, and the Co-op Group. It reflects the vibrant bulk annuity market, but also the preparedness of the Scheme, which is a vital factor in ensuring that insurers focus on a particular transaction over the many other opportunities brought to them. It also gets the 2019 market off and running in what promises to be a record-breaking year."

- Ends -

#### **Notes to Editors:**

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#### **About Pension Insurance Corporation**

The purpose of Pension Insurance Corporation plc ("PIC") is to pay the pensions of its policyholders. PIC provides secure and stable retirement incomes through leading customer service, comprehensive risk management and excellence in asset and liability management.

At half-year 2018, PIC had insured 162,800 pension scheme members and had £27.9 billion in financial investments, accumulated through the provision of tailored pension insurance buyouts and buy-ins to the trustees and sponsors of U.K. defined benefit pension schemes. 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](http://www.pensioncorporation.com)