



# U.S. pension risk transfer market insights

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## Market snapshot for Q2 2020

The LIMRA Secure Retirement Institute recently released the following statistics about the pension risk transfer (PRT) market for the quarter ending June 30, 2020:

- 72 group annuity buy-out contracts were transacted worth \$2.3 billion in premium
- 0 group annuity buy-in contracts
- 17 insurers participated in the quarterly survey (representing all insurers in the PRT market as of June 30)

The Secure Retirement Institute reported that buy-out sales totaled \$6.7 billion during the first 6 months of 2020. From LIMRA Fact Tank data, we estimate:

- \$25.8 billion in buy-out premiums for the 12-month period ending June 30, 2020
- \$160 billion in buy-out premiums since 2012
- \$3 billion in buy-in premiums since 2014

## Market outlook for the remainder of 2020

### Transaction calendar is filling up fast

This may mean that PRT insurers will be more selective in their bidding strategy and the average number of insurers bidding on a given case will decrease through year-end.

### PRT volume expected to drop

Overall transaction volume for 2020 is expected to be lower than 2018 and 2019, even with the end-of-year spike in buy-outs.

### Insurer capacity

The PRT market averaged just under \$26 billion per year in buy-out premiums during 2017-2019. At this pace, there should be sufficient insurer capacity for PRT transactions in the near term.

### New insurers entering the market

There are now 18 insurers writing group annuity contracts for pension plans, up from 16 at the start of the year. The latest entrants are Nationwide and Midland National Life.

For more information on PRT or pension risk management contact **Tom Sablak** at **617 448 5582** or **Thomas.Sablak@buck.com**, or your local Buck consultant.

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