



U.S. pension risk transfer market insights

June 2021

Market snapshot for Q1 2021

The LIMRA Secure Retirement Institute recently released the following statistics about the pension risk transfer (PRT) market for the quarter ending March 31, 2021:

- 42 group annuity buy-out contracts were transacted in Q1 2021 worth \$1.0 billion in premium
- 1 group annuity buy-in contract worth \$2.8 billion in premium was transacted in Q1
- 18 insurers participated in the quarterly survey (representing all insurers in the PRT market as of June 2021)

Market outlook for 2021

The Secure Retirement Institute reported that the \$2.8 billion buy-in during Q1 2021 marked the largest buy-in to-date in the U.S. Meanwhile, we note that the \$1.0 billion in aggregate buy-out premiums during Q1 was the lowest quarterly total since Q2 2016. From LIMRA Fact Tank data, we estimate:

- \$179.4 billion in buy-out premiums since 2012
- \$7.6 billion in buy-in premiums since 2014

Updated PRT sales projection for 2021

The PRT market has averaged just under \$26 billion per year in buy-out premiums during 2017-2020. In its first projection of the year, LIMRA estimates PRT sales might be in the \$25-\$30 billion range during 2021.

JCPenney and Athene transact buy-in

On April 1st, Athene Holding Ltd. announced the completion of a \$2.8 billion buy-in contract in conjunction with JCPenney's termination of its 30,000-life pension plan. Prior to this transaction, the largest buy-in in the U.S. was \$0.9 billion.

Insurer capacity

As we move into the summer months, PRT activity is already picking up. Based on LIMRA's projections, on top of a slower Q1, we anticipate that insurers' transaction calendars will fill up quickly in Q3 and Q4.

PRT insurers in the news

MassMutual's acquisition of Great American Life was completed on May 28th. Since Great American had been a PRT insurer prior to the acquisition, the total number of insurers in the PRT market now stands at 18.

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