



U.S. pension risk transfer market insights

March 2022

Market snapshot for Q4 2021

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

- 172 group annuity buy-out contracts were transacted in Q4 2021 worth \$12.4 billion in premium
- 4 buy-in contracts were transacted in Q4 totaling \$400 million in premium
- 19 insurers participated in the quarterly survey (representing all insurers in the PRT market as of December 2021)

Market outlook for 2022

The Secure Retirement Institute reported that group annuity sales (including buy-outs and buy-ins) totaled \$38.1 billion during 2021. From LIMRA Fact Tank data, we estimate:

- \$212.6 billion in buy-out premiums since 2012
- \$8.7 billion in buy-in premiums since 2014

2021: A record-setting year

Two PRT records were set during 2021: Largest total buy-in premiums (\$3.9 billion), and largest overall group annuity sales for buy-outs and buy-ins (\$38.1 billion). The previous record for overall sales was \$36.0 billion, established in 2012.

Insurer capacity

We continue to remind plan sponsors to plan ahead. In 2021, over 75% of PRT transactions (by premium) occurred in Q3 and Q4, continuing a similar trend seen in 2019 and 2020. Expect a lot of activity in the second half of the year.

Outlook for 2022

With pension plan funded statuses improving to levels not seen since 2007, many are projecting another year of frantic PRT activity in 2022. Momentum continues and insurers are already reporting higher than normal volume in Q1.

PRT insurers in the news

Great American Life, acquired by MassMutual during 2021, is no longer participating in the pension risk transfer market. Currently, there are 18 insurers writing group annuity contracts for pension plans.

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