



U.S. pension risk transfer market insights

June 2022

Market snapshot for Q1 2022

The LIMRA Secure Retirement Institute recently released the following statistics about the pension risk transfer (PRT) market for the quarter ending March 31, 2022:

- 75 group annuity buy-out contracts were transacted in Q1 2022 worth \$2.7 billion in premium
- 4 buy-in contracts were transacted in Q1 totaling \$2.7 billion in premium
- 18 insurers participated in the quarterly survey (representing all insurers in the PRT market as of March 2022)

Market outlook for 2022

The Secure Retirement Institute reported that group annuity sales (including buy-outs and buy-ins) totaled \$5.3 billion during Q1 2022, which represents the highest first quarter sales total ever. From LIMRA Fact Tank data, we estimate:

- \$215.2 billion in buy-out premiums since 2012
- \$11.3 billion in buy-in premiums since 2014

2022: Projected sales

Given the record-setting first quarter and the current transaction pipeline, many PRT market observers are predicting that 2022 sales could easily exceed last year's high-water mark of \$38 billion in buy-out and buy-in premiums.

Insurer capacity

In 2021, over 75% of PRT transactions (by premium) occurred in Q3 and Q4, continuing a similar trend seen in 2019 & 2020. We are hearing that PRT insurers' transaction calendars are filling fast for the remainder of the year.

Interest rates

Buck's Core Annuity Rate Barometer, our daily group annuity rate tracker, indicates that annuity purchase rates have increased by about 200 to 250 basis points (or 2.00% to 2.50%) since the beginning of the year through mid-June.

PRT insurers in the news

Currently, there are 18 insurance companies writing group annuity contracts for pension plans. It is possible that at least two more companies will join the PRT market this year.

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