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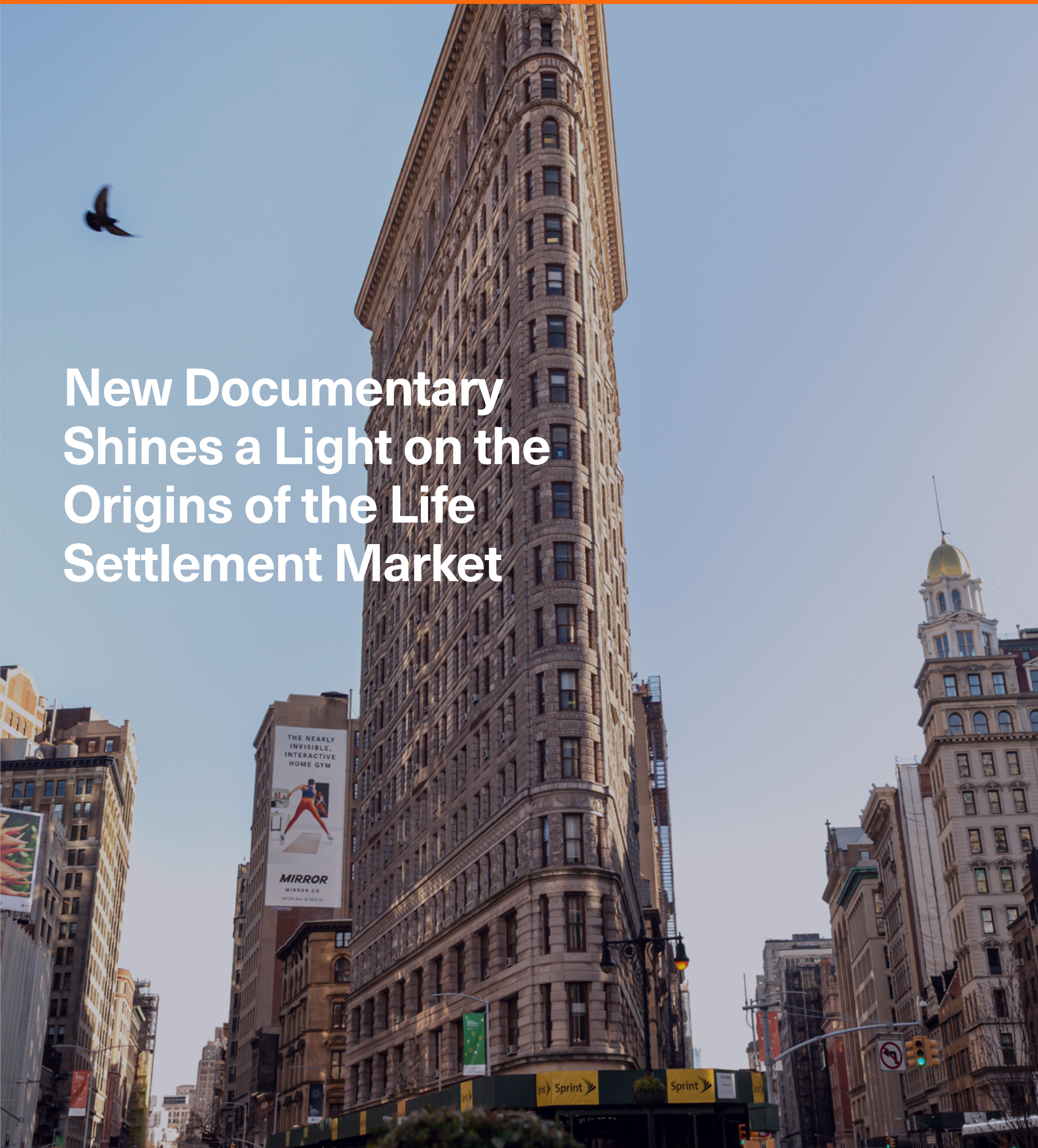

New Documentary Shines a Light on the Origins of the Life Settlement Market

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Publisher
ELSA
97 Fable
261c City Road
London EC1V 1AP

+44 (0) 203 490 0271
admin@elsa-sls.org

Editorial
Managing Editor
Chris Wells
chris@elsa-sls.org

Contributing Editor
Mark McCord
mark@liferisk.news

Contributing Editor
Greg Winterton
greg@liferisk.news

Editorial Assistant
Emilie Horne
emilie@liferisk.news

Editorial Enquiries
editor@liferisk.news

Design & Layout
Kieran Reilly
hello@kieranreilly.com

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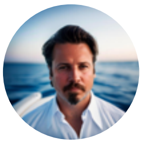
Editor's Letter, Volume 4, Issue 09, September 2025



Chris Wells
Managing Editor
Life Risk News

LISA recently provided funding to support the production of *Cashing Out*, a documentary from New York-based filmmaker **Matt Nadel** that tells the stories of three people who had a direct link to the viatical settlement industry in the US in the 1980s and 1990s - the beginnings of the industry that has evolved into what is now the life settlement market. *Greg Winterton* spoke to Nadel, **Bryan Nicholson**, Executive Director at **LISA**, and life settlement market verteran **Scott Page** to get their thoughts on the potential impact of the film in *New Documentary Shines a Light on the Origins of the Life Settlement Market*.

The planned acquisition of life insurer **Just Group** by Canadian investment company **Brookfield**, and the £2.4bn takeover of **Pension Insurance Corporation** by **Apollo**-backed **Athora** underlines growing interest in the UK's pension-risk transfer market from North American investors. *Mark McCord* spoke to **Arik Rashkes**, Partner and Head of Financial Institutions at **Solomon Partners** and **Marc Storan**, Head of Insurance Investment Strategy, Insurance and Financial Services at **Hymans Robertson**, to get their views on the trend in *UK Pension Risk Transfer Market Driving Increased Interest from North American Investors*.

New research suggests that walking 7,000 steps each day is associated with reductions in the risk of several serious health outcomes. *Greg Winterton* spoke to **Mary Bahna-Nolan**, Senior Director, Insurance Consulting & Technology at **WTW** and **Steven Baxter**, Chief Data Scientist at **Club Vita** to get their thoughts on the topic in *7,000 Steps Each Day Keeps the Doctor Away. But What Is the Impact on Insurers and Pensions?*

GMP Equalisation is an increasing bottleneck in a defined benefit pension scheme's journey to buy-out. Often avoided or deferred during earlier stages of transactions, delays in completing GMPe projects is creating additional uncertainty and costs to schemes and insurers looking to reach buyout. **Kelvin Wilson**, Director, Pension Risk Transfer at **Heywood**, offers his views on the issue in Breaking the *Bottleneck: Why GMP Equalisation and Data Challenges Are Delaying Buyouts in 2025*, a guest article this month.

Both life expectancy providers and financial advisors are deeply embedded in the longevity and mortality world, but the two groups rarely talk to each other. **Chris Conway**, Chief Development Officer at **ISC Services**, explains how the life settlement market, often overlooked by mainstream financial planning, can provide a unique lens into the lifespans of high-net-worth seniors in *What the Financial Advisor Community Can Learn from the Life Settlement Market*, our second guest article this month.

The pension risk transfer market in the UK has delivered plenty of talking points in 2025 so far in what has been another busy year for the space. *Greg Winterton* spoke to **Pretty Sagoo**, Managing Director of Defined Benefit Solutions at **Just Group**, to get a risk buyer's perspective on the current state of the market and the outlook for the balance of the year for this month's *Q&A*.

Anecdotal evidence indicates that some Dutch defined benefit pension schemes are moving to bulk purchase annuity buy-outs to sidestep recently introduced rules that require all DB plans to runoff and switch to defined contributions frameworks by the start of 2028. *Mark McCord* spoke to **André de Vries**, Vice President, Business Development, EMEA at **Reinsurance Group of America** to get his thoughts on the outlook for the PRT market in the country in *Reform Spurs a Steady Drumbeat of New Pension Risk Transfer Deals in the Netherlands*.

I hope you enjoy the latest issue of Life Risk News.

New Documentary Shines a Light on the Origins of the Life Settlement Market

Author:
Greg Winterton
Contributing Editor
Life Risk News

Speak to almost any participant in the life settlement secondary market, and they will tell you that increasing the awareness among American seniors that the life settlement option even exists is both the industry's biggest challenge – and its biggest opportunity.

Individuals, companies, and industry groups all have initiatives underway designed to contribute to the rising tide of awareness that would lift all boats, but Washington, D.C-based Life Insurance Settlement Association (LISA) has recently supported an endeavour that could end up being shortlisted or nominated for an Academy Award – or even win one.

LISA provided funding to support the production of *Cashing Out*, a documentary from New York-based filmmaker Matt Nadel that tells the stories of three people who had a direct link to the viatical settlement industry in the US in the 1980s and 1990s - the beginnings of the industry that has evolved into what is now the life settlement market.

> **"When Matt approached me this time, I agreed to a Zoom call, and after an hour I saw his passion and empathy and I felt safe that this was the right time and the right person for me to share what was a personal, intimate and controversial part of my life... In terms of asking LISA to get involved, I felt that it was important for the Association to embrace its origins"**
> **- Scott Page**

Viatical settlements arose in the 1980s as a vehicle to offer financial relief to AIDS patients who had lost income or required funds for end-of-life care. Life insurance policyholders could sell their policies to investors for an immediate cash payment, while investors took over premium payments and received the death benefit upon the insured's passing. This arrangement provided much-needed financial relief to those with terminal illnesses and created new opportunities for investors.

The genesis of the film lies in Nadel's own personal connection to the market - his father was an early investor in the space, something unknown to him until the beginning of the Covid-19 pandemic.

"I was on a walk with my dad around the time when people really began to talk about a potential Covid vaccine and I said to him that it's obviously great news, but it makes me feel weird that there are pharma companies making so much money out of this. My dad responded a little defensively and then he told me all about him being an investor in viatical settlements in the 80's," he said.

"I had never heard of this, so I went down the rabbit hole. Was it good? Was it bad? Who to believe? What to think? When I did the interviews with people impacted by the industry and hearing their stories, I realised there was a film here because of the nuance and moral complexity."

Nadel subsequently began researching, watching old videos, including an episode of popular US daytime talk show Donohue, which featured longtime life settlement industry participant, and former LISA board member, Scott Page.

Page features heavily in *Cashing Out*, which explains how and why he first got involved in the viatical settlement market - and subsequently launched his first firm, Page & Associates, which brokered transactions between policy sellers and investors.

Page said that when Nadel first approached him, he was a little sceptical but warmed up in the end; additionally, getting LISA involved made a lot of sense.

"This wasn't the first time I've been approached to participate in a documentary. The first two times I turned them down – I felt they were trying to create a gotcha piece. But when Matt approached me this time, I agreed to a Zoom call, and after an hour I saw his passion and empathy and I felt safe that this was the right time and the right person for me to share what was a personal, intimate and controversial part of my life," he said.

"In terms of asking LISA to get involved, I felt that it was important for the Association to embrace its origins, and I felt it was – and is - a wonderful opportunity for LISA to show their philanthropic side."

LISA's involvement is not exclusively philanthropic in nature. The aforementioned awareness topic in the life settlement market is perpetual. Industry group the American Council of Life Insurers (ACLI)'s annual *Life Insurance Fact Book* provides lapse (where the policyholder stops paying premiums) and surrender (where the seller opts to surrender the policy for its cash value) – rates for the previous 12 years. The combined rate jumped to 8.5% in 2023 from 6.7% in 2022. Those percentages represent billions of dollars of potentially lost economic value had the policies been sold into the life settlement market.

So, LISA, and the broader market, will be hoping that *Cashing Out* provides something of an awareness boost for the life settlement industry. And the boost could well be significant.

> **"LISA is proud to support the documentary Cashing Out because we believe it will bring much-needed awareness to the life settlement industry...This film shines a light on the real, meaningful impact life settlements can have on people's lives; whether that was an AIDS patient in the 1980s trying to afford end-of-life care or a senior today who desires to retire with dignity"**
> **- Bryan Nicholson, LISA**

Cashing Out has already qualified for consideration in the 'Best Short Documentary' category (documentaries 40 minutes or less) at the 98th Academy Awards. The requirements for consideration include the need for the film to have been publicly exhibited for paid admission in a commercial motion picture theatre in at least one of six US cities (Los Angeles, New York, Chicago, San Francisco, Miami, or Atlanta) in a theatrical run that lasts for seven consecutive days and that is publicly advertised. The next notable development will be the announcement of the shortlist, which is scheduled for Tuesday, 16th December.

The nominations are announced on Thursday, 22nd January and the winners themselves on Sunday, 15th March.

In the meantime, Nadel will be taking *Cashing Out* to larger cities across the US, before embarking on a tour of universities.

"Young people have responded well so far to the story of the epidemic; me as a kind of portal to this industry gave them a more personal entry point to understand what was going on in the 80s and 90s. I hope this will spark an intergenerational transfer of this knowledge so that young people become the guardians of this knowledge. If history shows us anything, it's that we need HIV-knowledgeable leaders in finance and business so that we can build a more HIV-inclusive society," he said.

If *Cashing Out* were to be shortlisted, nominated, or even win the Academy Award, it would likely make a big difference for Nadel. After all, the Oscars provide directors and producers with much more visibility, helping them to secure financing for future projects easier.

But what would it mean for the life settlement market? And how can LISA measure success?

"LISA is proud to support the documentary *Cashing Out* because we believe it will bring much-needed awareness to the life settlement industry" said Bryan Nicholson, Executive Director at LISA.

"This film shines a light on the real, meaningful impact life settlements can have on people's lives; whether that was an AIDS patient in the 1980s trying to afford end-of-life care or a senior today who desires to retire with dignity. Life settlements can change people's lives for the better and it's important that more people know this option exists."

As a former market participant, Page knows about the awareness challenge all too well but hopes that the film reinforces the original concept of the viatical settlement market – one of dignity.

"The consumer awareness portion has always been a challenge. My firm partnered with Betty White as our spokesperson for over a decade, trying to provide consumers with education about options with their life insurance policies in ways that do not confuse them. But I hope that my involvement with LISA and this film can help the industry to also focus on the dignity component of these transactions. I don't want the industry to leave behind smaller clients with smaller insurance policies – these are the people that the market was originally set up to help."

Nadel himself admits that he had a view of the viatical settlement market that skewed towards the negative when he embarked on the journey to what would eventually become *Cashing Out* but now feels differently – albeit with a little sense of 'what if'.

"My view definitely changed. [A negative reaction is] how most people respond when they hear of an industry like this; they hear words like 'AIDS and 'life insurance' and 'profiteering' but I realised through the process and by speaking to my dad and all these folks impacted by it, just how much it benefited them. And then, for those who didn't have access, how much they wish they did," he said.

> **"Dignity in vulnerable moments is something we all want and deserve. If anything, I hope this film serves as a portal to understand what happened and understand that dignity does have a cost... Solutions like this one can be helpful to people in terms of not having their dignity taken away"**
> **- Matt Nadel**

"Dignity in vulnerable moments is something we all want and deserve. If anything, I hope this film serves as a portal to understand what happened and understand that dignity does have a cost. In the US we live in a system that places a price on people's dignity and sometimes prices them out of this dignity. Solutions like this one can be helpful to people in terms of not having their dignity taken away."

UK Pension Risk Transfer Market Driving Increased Interest from North American Investors

Author:
Mark McCord
Contributing Editor
Life Risk News

The planned acquisition of life insurer Just Group by Canadian investment company Brookfield, announced in the summer, underlines growing interest in the UK's pension-risk transfer market by North American investors.

The £2.4bn takeover followed on the heels of Apollo-backed Athora's announcement that it would acquire Pension Insurance Corporation (PIC) for £5.7bn earlier in July and, while not an acquisition, Legal & General has agreed a multi-billion-pound partnership with private capital giant Blackstone to support its annuity business.

With an addressable market of about 5,000 defined benefit schemes and £500bn of liabilities estimated to be secured in the next decade, the prospects of more North American involvement are high given the maturity of the companies' domestic markets, their expertise and capital clout.

"I don't think this is going to stop in any way soon," said Arik Rashkes, Partner and Head of Financial Institutions at US investment advisory firm Solomon Partners.

> **"These USPs, combined with the expected steady state of a £40bn-£50bn per annum UK PRT market over the next decade, provide these investors with a level of vertical integration of their business models and give them a business predicated on making long-term investments"**
> **- Marc Storan, Hymans Robertson**

While it's difficult to accurately estimate the value of deals struck by trustees and North American companies or their subsidiaries, Rashkes and other observers characterise their involvement as considerable and growing.

The UK PRT market is seen as hot among overseas investors, thanks in large part to defined benefit (DB) schemes' improved funding positions, which has made buy-ins/buy-outs more affordable. Annual transaction values have been nudging towards $50bn for the past couple of years and while legislative proposals surrounding access to surpluses may have slowed that growth this year, experts still expect business to remain strong.

North American investors have been particularly active because of their large global investment platforms, from which they can source and originate assets, and because they have a deep well of expertise drawn from a longer track record of pensions de-risking activity, said Marc Storan, Head of Insurance Investment Strategy, Insurance and Financial Services at Hymans Robertson.

"These USPs, combined with the expected steady state of a £40bn-£50bn per annum UK PRT market over the next decade, provide these investors with a level of vertical integration of their business models and give them a business predicated on making long-term investments," he said.

"Leveraging these synergies helps to improve the internal rate of return on their equity and capital commitments over and above the base investment case. Regardless, the base case gives these investors an exposure to the insurance sector that typically provides uncorrelated returns to other, strategic, investments they hold."

The UK market holds other attractions. As a unified market with a single regulator, the country's pension industry is absent of the complexities of North America, especially the US. There, each state's slightly different rules of governance can make the insurance industry tricky to navigate, especially for larger capital providers who seek economies of scale. Rashkes believes that the UK regulator has become more receptive to foreign investment in recent times.

"They have become more and more open to big names. There is a lot of credibility behind Blackstone, KKR, Legal & General, MetLife, Prudential, Carlyle..." he said.

Rashkes expects North American investors to focus on the larger deals. So far, the biggest transactions struck in the UK – those at or above £2bn – have all involved Legal & General, PIC and Rothesay.

"These major organisations and asset managers are trying to get as big as they can in terms of the deal sizes," he said.

"It takes the same amount of time to structure a small deal as it does to structure a big deal."

North American investors seem unconcerned by recent regulatory and legislative announcements that could have an impact on UK PRT transactions.

Chancellor of the Exchequer Rachel Reeves has proposed granting scheme sponsors greater access to fund surpluses so that they can invest in their companies and the wider economy. This has raised concern that schemes may increasingly prefer to run on than de-risk.

As well, the regulator has taken a cautious view of funded reinsurance, a small but significant component of PRT transactions, fearing that such strategies increase risks to the market.

These aren't seen as sizeable threats to further investment from overseas and obviously were no deterrent to the recently announced mergers and acquisitions.

> **"As private equity and alternative asset managers have become more credible, more mainstream, less threatening… the feeling is that this trend should continue. You're transferring risk, but you also are transferring the asset management capabilities and the long-term planning of asset allocation to the hands of probably the best of the best"**
> **- Arik Rashkes, Solomon Partners**

"The rationale for these firms buying into the UK PRT market corresponds to one of the use cases for funded reinsurance in the first place – asset origination capacity and capability," said Storan.

"Overall, we might expect a reduction in the total amount of reinsurance that takes place over the next decade than would otherwise be the case without the proposed M&A and strategic partnership activities recently announced. But we do also expect funded reinsurance to continue to play a key role for the capital and risk management of UK BPA providers' portfolios."

It has also been suggested that another recent government initiative, the proposed loosening of the matching adjustment capital regime to give life insurers greater investment flexibility, may even boost business. Storan isn't convinced, however.

"Yes, the reforms will help the UK firms invest with a little more flexibility, with infrastructure being one of those areas, but they have not materially shifted the goalposts," he said.

For the immediate future, few see a slowdown in the de-risking market, and that is likely to equate to continued interest from foreign investors.

"As private equity and alternative asset managers have become more credible, more mainstream, less threatening… the feeling is that this trend should continue," said Rashkes.

"You're transferring risk, but you also are transferring the asset management capabilities and the long-term planning of asset allocation to the hands of probably the best of the best."

7,000 Steps Each Day Keeps the Doctor Away. But What Is the Impact on Insurers and Pensions?

Author:
Greg Winterton
Contributing Editor
Life Risk News

The claim that walking 10,000 steps each day makes a significant difference to one's health didn't actually come from medical research — the general consensus is that it started as a marketing campaign in Japan in the 1960s.

In 1965, after the Tokyo Olympics, there was a big fitness boom in Japan. Yamasa Clock and Instrument Company created one of the first pedometers and branded it the "Manpo-kei", which means "10,000 steps meter" in Japanese. The number 10,000 may have been chosen partly because it's a nice round, memorable number but at the time, there wasn't strong scientific evidence that 10,000 was a magic threshold. It was more of a catchy slogan to promote walking and health awareness.

It turns out that the magic number is actually 7,000. That is according to *Daily steps and health outcomes in adults: a systematic review and dose-response meta-analysis*, an article published in *The Lancet Public Health* in August.

The authors analysed data from over 160,000 adults and found that walking approximately 7,000 steps per day is associated with reductions in the risk of several serious health outcomes, including all-cause mortality (47% reduction), cardiovascular disease (25% reduction), cancer (6% reduction), type 2 diabetes (14% reduction), dementia (38% reduction), depression (22% reduction), and falls (28% reduction).

> **"Over the course of time, consistency in patterns of activity will likely be the similar to use in certain scoring models and measures. In addition, the technology for capturing and monitoring activity and inactivity levels continues to improve and thus, so should the reliability of the data itself. In addition, the models, as they obtain more data points, will become better calibrated to a particular population" - Mary Bahna-Nolan, WTW**

Current mortality tables do not factor in the number of steps walked each day by an individual – after all, the ability to collect this data is only fairly new, with the advent of smartphones and associated GPS tracking technology.

But if everyone in an insurance cohort - a defined benefit pension cohort from a pension risk transfer deal, a book of life annuity business, or even a standard whole of life insurance cohort - walked 7,000 steps a day, the mortality table would, most likely, look very different than it does now.

But how can pensions and insurers actually collect and use this data? And what is the reality for insurers and pensions that want to collect data – on enough people?

"Activity level data, including steps, can be gathered from a number of sources, including smartphones, wearable watches, patches, health related apps, etc. This data is able to be captured on any individual that grants access to their data," said Mary Bahna-Nolan, Senior Director, Insurance Consulting & Technology at WTW.

"For insurance applications where there is an application process, an insurer can request access to such information which often includes both current and historical data but for a pension scheme or business that covers a group cohort, it becomes more challenging to obtain the data on a sufficient number of individuals - at least, today."

There are people – likely plenty of them – that do monitor their daily number of steps; smartphones now come with built-in apps which provide this information at no charge. As with any new or emerging technology, there are teething issues, but patterns will emerge eventually.

"Different devices and how an individual uses them, wears them, etc. can provide different measurable data. Over the course of time, however, consistency in patterns of activity will likely be the similar to use in certain scoring models and measures. In addition, the technology for capturing and monitoring activity and inactivity levels continues to improve and thus, so should the reliability of the data itself. In addition, the models, as they obtain more data points, will become better calibrated to a particular population," said Bahna-Nolan.

Whether or when insurance and pension cohorts get to a place where most of their cohorts are doing their 7,000 steps is up for debate; after all, an article from The Lancet Global Health just a year ago, based on physical activity reported by adults (aged ≥18 years) in population-based surveys, suggests that insufficient physical activity increased in people aged 60 years and older in all regions and both sexes.

So, is there realistically anything for pensions and insurers to be worried about in terms of their mortality models underestimating the extent to which people are walking 7,000 steps per day – and therefore, their mortality profile?

> **"The study will not cause immediate concern for those pricing individual annuities or group annuity policies... That said, we are aware of several insurers who are actively assessing the practicalities of using step count data to improve their approach to understanding the mortality or longevity risk of policyholders"**
> **- Steven Baxter, Club Vita**

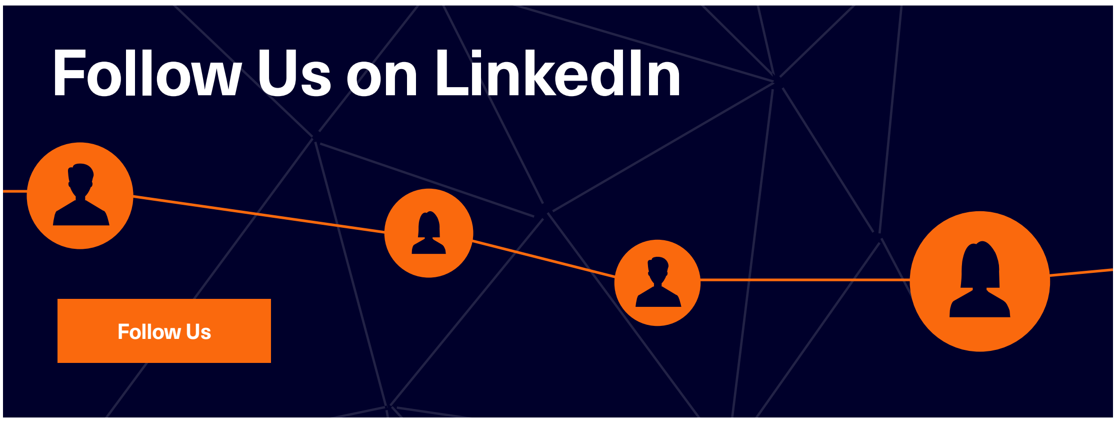
"Behavioural change is slow and often linked to educational background. Insurers already use a wide range of proxy variables such as income, education and postal code, to gauge likely good or bad health behaviours and willingness to change. As such the study will not cause immediate concern for those pricing individual annuities or group annuity policies," said Steven Baxter, Chief Data Scientist at Club Vita.

"That said, we are aware of several insurers who are actively assessing the practicalities of using step count data to improve their approach to understanding the mortality or longevity risk of policyholders and form part of underwriting. These organisations will no doubt be reading this study with interest."

Indeed, a recent study by WTW found that wearable-driven mortality modelling does improve underwriting accuracy and while there are many challenges for pensions or insurers to get accurate step count data – and enough of it - for inclusion in a model, you have to start somewhere.

"For any insurance use, it is important that insurers and pensions perform feasibility studies to understand the data and how to best calibrate it to their target population; indeed, we only recommend incorporating such data into key decision making after careful study and analysis of the implications on specific use cases," said Bahna-Nolan.

"But this is an area that will continue to emerge over time, but we can't understand the implications and opportunities if we don't start collecting the information and measuring the outcomes."



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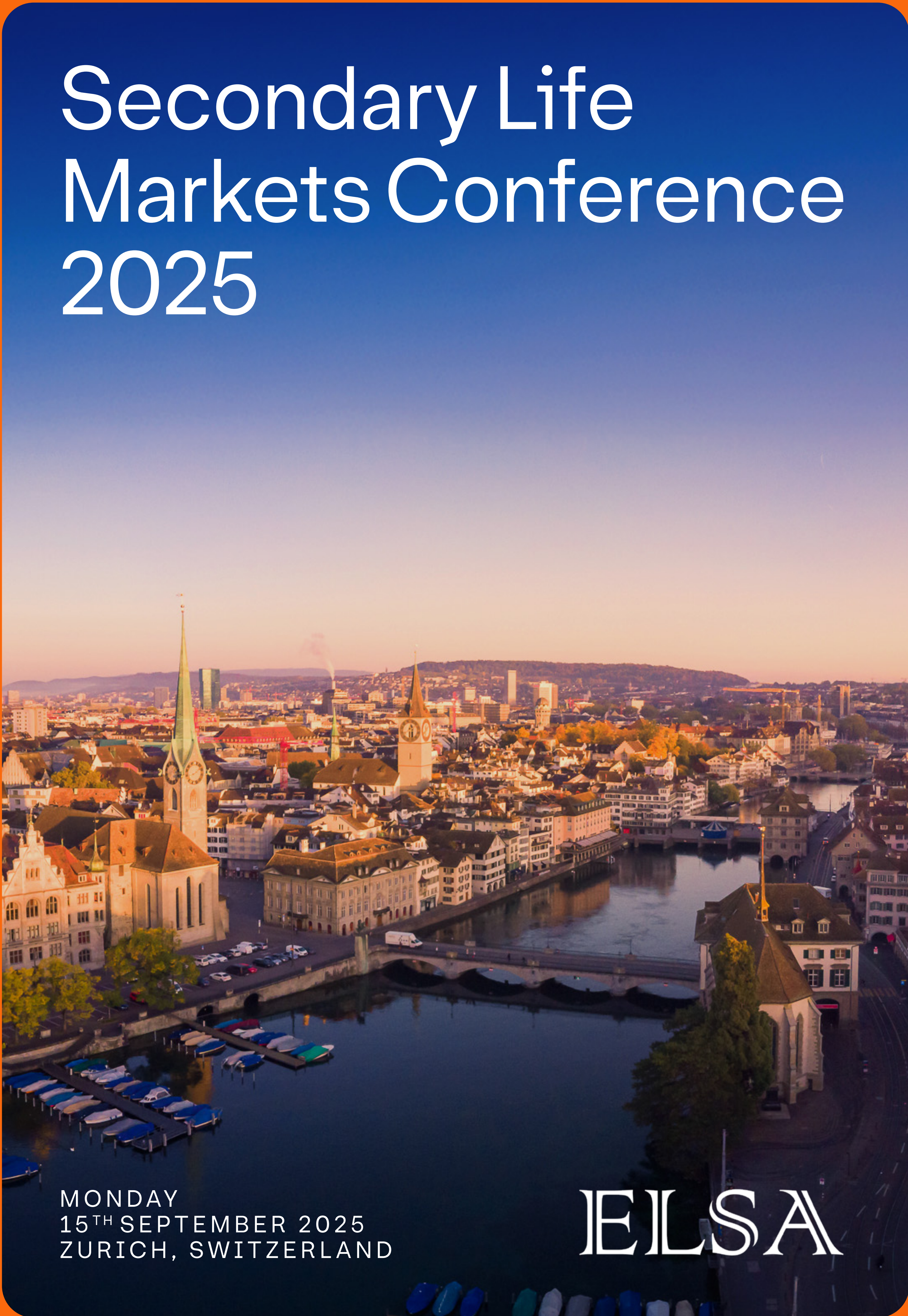

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ELSA

Breaking the Bottleneck: Why GMP Equalisation and Data Challenges Are Delaying Buyouts in 2025

Author:
Kelvin Wilson
Director, Pension Risk Transfer
Heywood

"As bulk purchase annuity (BPA) transactions continue at pace, we're seeing first-hand that an increasing bottleneck in a scheme's journey to buyout is GMPe. Often avoided or deferred during earlier stages of transactions, delays in completing GMPe projects is creating additional uncertainty and costs to schemes and insurers looking to reach buyout"

GMP Equalisation (GMPe) is continuing to be a significant hurdle for DB pension schemes on the final stretch to buyout.

As bulk purchase annuity (BPA) transactions continue at pace, we're seeing first-hand that an increasing bottleneck in a scheme's journey to buyout is GMPe. Often avoided or deferred during earlier stages of transactions, delays in completing GMPe projects is creating additional uncertainty and costs to schemes and insurers looking to reach buyout.

The GMP equalisation logjam in the pension risk transfer market

GMP equalisation remains a complex and time-consuming exercise. It involves rectifying historical benefit calculations to ensure male and female members with equivalent service receive equal benefits - a legal requirement that dates back to the Lloyds case rulings in 2018. GMPe is a project involving data analytics, record reviews and non-trivial calculations. If done during a PRT transaction, GMPe is a complex project within an already complex transaction!

In recent discussions at industry events, GMPe was widely seen as one of the key factors slowing the path to policy issuance and scheme wind-up.

Advisers and insurers alike have pointed to a growing backlog of schemes unable to complete buyout transaction due to unresolved GMPe and related data issues.

Regulatory pressure and member expectations

As well as affecting scheme administration and governance, delayed GMPe projects has adverse implications for both member outcomes and regulatory compliance. The Pensions Ombudsman's recent suggestion that schemes should no longer treat GMPe as optional or deferrable points to a shift in attitude. Failure to address GMPe can lead to incorrect benefit values being displayed on member communications or pension dashboards, potentially undermining trust and raising compliance concerns.

As value data becomes increasingly visible through the Pensions Dashboards Programme, schemes will need to ensure the benefit information they're sharing is complete and accurate. That means as well as satisfying insurers and their appetite for risk during bulk-annuity transactions, resolving legacy GMP issues is also about meeting evolving expectations from both members and regulators.

Data quality and calculation complexity: the bigger picture

Of course, GMPe isn't the only bottleneck. Across the market, schemes are facing growing pressure to deliver clean, validated data and accurate benefit specifications in formats that meet insurer standards. That includes managing multiple data templates, reconciling historic administration records, and applying complex actuarial factors for early or late retirement.

All of this is happening in a high-volume market, where more schemes than ever are transacting and insurer engagement windows are tightening. As a result, schemes that can't meet the data and benefit requirements in good time risk delays, pricing uncertainty or even being deprioritised.

A tech-led approach to beating the bottleneck

Fortunately, there are solutions that use technology to enable schemes and advisors to work efficiently. They offer support in specific areas of data cleansing, data mapping and benefit calculations, including GMPe.

For example, a rules-based, low-code calculations engine designed to bring automation to and process complex benefit calculations at speed - the perfect antidote for tackling GMPe and other data-heavy calculations. The schemes and their advisors who are applying efficient technology to relevant parts of the bulk annuity and PRT process can benefit from a reduced time required to move from buy-in to buyout.

Insurers will also benefit. By reducing ambiguity and administrative friction, schemes can present a clearer, more complete picture of their liabilities, enabling for more accurate pricing and faster engagement, a competitive edge trustees might just be looking for.

Working in partnership to resolve GMPe challenges

Through considered integration of technology and partnerships, it is possible to relieve the bottleneck described at the start of this article. Technology solutions will support and complement the efforts of incumbent advisers, administrators and trustees. Where schemes lack the capacity or bandwidth to tackle GMPe and data issues internally, bringing in specialist support can accelerate timelines without adding complexity.

As demand continues to rise in 2025 and beyond, this collaborative, tech-led approach may prove essential to keeping deals moving, and ensuring schemes are able to secure buyouts when market conditions are most favourable.

As the PRT market continues to surge ahead, the need for efficiency at each stage is real, but the barriers to buyout remain stubborn. GMP equalisation, data readiness and benefit specification challenges are now among the biggest factors slowing schemes down.

“As the PRT market continues to surge ahead, the need for efficiency at each stage is real, but the barriers to buyout remain stubborn. GMP equalisation, data readiness and benefit specification challenges are now among the biggest factors slowing schemes down”

With the right tools, support and technology, these obstacles don’t have to derail transactions. By addressing GMPe early and investing in scalable, efficient data and calculations solutions, schemes can stay ahead of the curve, helping achieve the outcomes their members deserve.

Kelvin Wilson is Director, Pension Risk Transfer, at **Heywood**

This article was originally published on heywood.com

Any views expressed in this article are those of the author(s) and may not necessarily represent those of Life Risk News or its publisher, the European Life Settlement Association

What the Financial Advisor Community Can Learn from the Life Settlement Market

Author:
Chris Conway
Chief Development Officer
ISC Services

> "The life settlement market, often overlooked by mainstream financial planning, can provide a unique lens into the lifespans of high-net-worth seniors. By leveraging this data, advisors can address a critical gap: under (or over) estimating how long wealthy clients might live, which can lead to inadequate income strategies"

Life expectancy providers are deeply embedded in the longevity and mortality world, providing insights for life settlement policy buyers in both the secondary and tertiary markets on how long an individual can be expected to live. A consequence of doing this year-in, year-out is the wealth of mortality data we compile: This data, drawn from thousands of predominantly affluent insured individuals, offers nuanced insights into longevity that go far beyond standard actuarial tables.

Financial advisors are also deeply embedded in the longevity and mortality world, because a critical component of their service offering is helping ensure their clients have enough money to last as long as they do. With the U.S. senior population projected to increase to 82 million by 2050, according to Population Reference Bureau estimates, the need for precise planning has never been greater.

But the two groups rarely talk to each other. The life settlement market, often overlooked by mainstream financial planning, can provide a unique lens into the lifespans of high-net-worth seniors. By leveraging this data, advisors can address a critical gap: under (or over) estimating how long wealthy clients might live, which can lead to inadequate income strategies.

Understanding the Life Settlement Market

Participants in this market are not your average Americans. In order to sell a policy to an investor, individuals usually need policies with death benefits of at least $100,000, and the majority are over 70 years old. Data from the Life Insurance Settlement Association (LISA) shows that in 2024, life settlement payments averaged over 6.5 times the cash surrender value of policies sold, injecting an additional $223,000 on average into seniors' pockets compared to lapsing or surrendering policies. Real-world examples abound: a $1 million policy might fetch $400,000 in a settlement, far exceeding its surrender value, providing immediate liquidity for retirement needs like healthcare or legacy planning.

What sets this market apart is its general focus on wealthier demographics. Life settlement insureds tend to hail from higher socio-economic groups - they're more educated, have greater access to quality healthcare, and often lead healthier lifestyles.

At the heart of every life settlement are the life expectancy (LE) reports, prepared by life expectancy providers. Policies are underwritten by reviewing extensive medical histories, lifestyle factors, family genetics, and even socio-economic indicators. This process isn't just about pricing a policy; it aggregates into a vast dataset revealing mortality patterns unique to affluent seniors. For instance, while general U.S. life expectancy hovers around 78 years, our data often shows extensions of 5-10 years for this cohort due to better preventive care and resources.

The market's growth underscores its relevance. With 10,000 Americans turning 65 daily, the life settlement industry is poised for expansion, potentially unlocking billions of dollars in value that seniors otherwise leave on the table by letting policies lapse. Yet, for financial advisors, the true value isn't in facilitating settlements - though that's an option - but in borrowing the mortality insights the life settlement industry provides to enhance client planning.

The Wealth of Mortality Data in Life Settlements

Life expectancy providers in the settlement market have unparalleled access to mortality data tailored to wealthier, older American seniors. Unlike broad actuarial tables, which average across diverse populations, this data is granular and skewed toward the affluent, drawing from medical underwritings that include detailed records: lab results, physician notes, prescription histories, and even biometric data from wearables in some cases.

This aggregate data reveals key trends. For example, wealthier seniors exhibit lower mortality rates from chronic conditions like heart disease or diabetes, than the average American, thanks to early interventions and premium healthcare access; life settlement populations require ongoing adjustments to underwriting frameworks because they outlive expectations attributed to the general population.

Why does this matter? Because inaccuracies in life expectancy can skew financial models. In life settlements, underestimating LE leads to overpaying for policies, as investors must fund premiums longer than anticipated. We've seen market dislocations when actuarial assumptions shifted due to improved longevity, affecting valuations. But aggregated anonymously, this data forms a powerful resource: a mortality curve refined for those who are more likely to use a financial advisor.

This isn't hypothetical; accurate data protects all parties, and in aggregate, it paints a picture of extended lifespans driven by wealth. Financial advisors, who often rely on generic tools, miss these nuances, potentially leaving clients vulnerable to either outliving their savings or sacrificing lifestyle in their later years and leaving too many resources on the table after they pass.

> "Financial advisors can revolutionize retirement income modeling by integrating lessons from life settlement mortality data. Traditional planning uses probabilistic models based on average lifespans, but for wealthy clients, this can underestimate longevity, leading to conservative or insufficient income streams. By adopting refined mortality insights, advisors can create more resilient plans"

Applying Insights to Better Model Retirement Income Needs

Financial advisors can revolutionize retirement income modeling by integrating lessons from life settlement mortality data. Traditional planning uses probabilistic models based on average lifespans, but for wealthy clients, this can underestimate longevity, leading to conservative or insufficient income streams. By adopting refined mortality insights, advisors can create more resilient plans.

Consider the core challenge: retirement income must cover essentials like housing, healthcare, and leisure, often for 20-30 years post-retirement. Standard tools, such as Monte Carlo simulations, input average LE, but life settlement data suggests adjustments. If a client's profile matches a life settlement dataset- say, a 70-year-old with excellent health and high income - their LE might be 90-95 years, not 85. This extra decade requires 20-30% more savings to maintain lifestyle.

Benefits are multifaceted. First, accuracy fosters trust; clients appreciate personalized projections. Second, it mitigates longevity risk - the risk of outliving assets. Third, it opens doors to innovative products.

To access this data, advisors can partner with LE providers for anonymized aggregates or custom reports. As the market grows - with secondary market transactions in life settlements injecting hundreds of millions of dollars annually - collaboration could standardize these insights.

In practice, this means shifting from macro to micro modeling. The result? Wealthier clients retire with more confidence, knowing their plan accounts for their likely longer, healthier lives.

Conclusion: A Call for Cross-Industry Collaboration

The life settlement market isn't just a niche for policy sales; it's a goldmine of mortality data that can elevate financial advising. By looking beyond traditional sources and embracing these insights, financial advisors could produce more accurate retirement income models for their clients and their businesses.

Chris Conway is Chief Development Officer at **ISC Services**

Any views expressed in this article are those of the author(s) and may not necessarily represent those of Life Risk News or its publisher, the European Life Settlement Association

Q&A

Pretty Sagoo
Managing Director, Defined Benefit Solutions, Just Group

Author:
Greg Winterton
Contributing Editor
Life Risk News

The pension risk transfer market in the UK has delivered plenty of talking points in 2025 so far in what has been another busy year for the space. Greg Winterton spoke to **Pretty Sagoo**, Managing Director of Defined Benefit Solutions at **Just Group**, to get a risk buyer's perspective on the current state of the market and the outlook for the balance of the year.

GW: Pretty, one of the topics du jour in the UK PRT market has been that of the resilience of the smaller end of the market in the sense that it has not been crowded out by the bigger deals. To what do you attribute that?

PS: In 2025 so far what we've seen, across the market, is continuing strength at the smaller end of the market, with not that many large deals, at least in H1, which has helped the smaller end of the market not get crowded out.

Smaller schemes are continuing to proactively leverage improved funding levels as a result of higher interest rates, with a desire to lock these in before any meaningful interest rate drops are seen. They want to secure their members' benefits, reduce risk and eliminate their outsized administrative burden, and they want to do it at today's attractive prices.

GW: There have been two new insurers enter the market this year, bringing the total to 11 so far. How has this increased competition impacted the market overall from your perspective?

PS: Ultimately, competition is good for the market and good for schemes and trustees as it allows them to make decisions that work best for them and to be sure they're getting well-priced deals, with the right structure and additional benefits.

There are still many DB pensions seeking a de-risking solution, so demand is still very high; at Just, we're having another busy year, after a very active 2024.

One impact of the new entrants is that when price is similar, trustees take the opportunity to really look at the differentiators between providers in respect of member care and options.

Continued on next page...

GW: What are some of the non-price questions that Just Group is fielding from trustees and de-risking consultants currently, and have these changed at all in the past couple of years?

PS: There is a notable shift that we hugely welcome. Trustees are considering the overall experience their members can expect, including additional benefits and the expected quality of the service, both at transition and over the long-term. Trustees value features such as professional financial advice and support for vulnerable members, which gives them additional comfort when making de-risking decisions.

GW: What are the two or three pieces of advice you would give to trustees that are yet to begin their de-risking journey?

PS: Good data is the cornerstone of a successful transaction, making working with your advisors and administrators to get your data into good shape as soon as possible, is very important.

Administrators are also squeezed right now in a busy market, so selecting an insurer who can assist the scheme and administrator at the early stages in preparation for the transaction is helpful.

Ultimately, trustees are responsible for data but our advice is that they should leverage the wider team at the start of any de-risking planning to understand the gaps and prepare for them. GMP equalisation and spousal data challenges are two common examples that planning can start for early [in the transfer].

Engaging with the wider team early is also important and improves the process and communication. The more engaged the sponsor, the advisor and the administrator are from the start, the more likely it is that the process will be seamless and any challenges can be identified and managed early.

GW: Lastly, Pretty, all the talk at the beginning of the year was that 2025 would end up delivering a similar, or for the bulls, a record year (yet again) in terms of aggregate premium. Now that we're entering the home stretch, where do you think the market will end up when all is said and done?

PS: Right now, the consensus is that the total market size for 2025 is going to be around £40-45billion. What we've seen is that the year started slower, and that the larger transactions aren't at last year's level so it will depend on whether some of the larger transactions do come through or if they're delayed until 2026.

Pretty Sagoo is Managing Director of Defined Benefit Solutions at **Just Group**

Reform Spurs a Steady Drumbeat of New Pension Risk Transfer Deals in the Netherlands

Author:
Mark McCord
Contributing Editor
Life Risk News

Pension-risk transfer (PRT) deals in the Netherlands are steadily increasing as the deadline for a radical reshaping of the pensions space nears.

Anecdotal evidence indicates that some Dutch schemes are moving to buy-outs to sidestep recently introduced rules that require all defined benefit plans to runoff and switch to defined contributions frameworks by the start of 2028.

Those rules, enshrined in the Futures of Pensions Act – or Wet Toekomst Penisoenen (WTP) – came into force in 2023. The WTP was formulated to update and stabilise the country's €1.7trn pension industry amid a rapidly ageing population and changing employment patterns.

The WTP has spurred buy-outs on account of the transition process being costly – the legal processes of dividing assets into individual pension pots is complex and subject to strict regulatory requirements. Administrators of smaller plans are also reluctant to expose their members to the volatility of markets within a defined contribution framework. As well, the regulatory oversight of the De Nederlandsche Bank (DNB), the Dutch central bank, provides for fewer safeguards among DC schemes.

> **"The WTP is resulting in an increase in pension buyouts... Over recent years, more than 10 pension funds have executed a pension buy-out or are in an advanced stage of implementing such transactions"**
> **- André de Vries, RGA**

"The WTP is resulting in an increase in pension buy-outs," said André de Vries, Vice President, Business Development, EMEA at Reinsurance Group of America (RGA).

"Over recent years, more than 10 pension funds have executed a pension buy-out or are in an advanced stage of implementing such transactions."

Among the deals publicised this year, Athora Netherlands' Zwitserleven – one of three large local insurers in the Dutch PRT market – bought the pension obligations of Stichting Nedlloyd Pensioenfonds, a closed pension fund with 6,000 pensioners and 2,200 former participants. The deal involved around €950m of invested capital.

The evolution of the Dutch PRT sector was also evident in the merger of local insurance providers Achmea and Lifetri in November. The latter, which is backed by San Francisco-based private capital giant Sixth Street, also represented a continuation of overseas capital entering European pension markets.

The resultant company, Achmea Pension & Life Insurance, said it was aiming to capture 20% of the Dutch PRT market.

The third company in the market is the insurance business of financial services group Nationale Nederlanden (NN).

Initiatives to soften the blow of the WTP have so far failed to ease concerns and hopes that an election due at the end of October might change the picture have also evaporated.

"No material adjustments to the WTP are expected anymore based on what the larger political parties have indicated in their election programmes," de Vries said.

"Under the WTP. DB pension benefits can be lowered in case of insufficient assets. Life insurance companies are not allowed to take such measures regarding their DB pension benefits."

While business is on the up, the total deal volume is unlikely to match the levels of the UK or the US, the world's largest PRT markets. For a start, the class of DB schemes most likely to use PRT – corporate funds known as Ondernemingspensioenfondsen – numbered about 100 at the end of 2024, down significantly from a high of more than 1,000 in the late 1990s, according to central bank data. They hold funds that manage about €290bn, according to advisory firm Milliman.

"It is difficult to predict, but market participants indicated to expect a total cumulative volume of buy-outs resulting from the WTP at €20bn to €30bn of assets under management, maybe even more," said de Vries.

The largest pool of assets is held by a handful of industry-wide setups called Bedrijfstakpensioenfondsen, which hold about €1.24trn. They have grown through consolidation over the past couple of decades as the industry has sought economies of scale, lower administrative costs and diversified investments. However, they are unlikely to be candidates for PRT, Milliman predicts.

Unsurprisingly, given the smaller holdings of the corporate schemes, PRT deal sizes have not reached the heights seen in the UK, where £3bn-£5bn transactions have not been uncommon. Nevertheless, the Stichting Nedlloyd Pensioenfonds contract – which was the biggest struck by Zwitserleven – could signify a move towards larger schemes seeking buy-outs.

"The buy-outs that have been executed over the recent years vary in size from less than €100m to almost €2bn, with some even larger pension funds in the process of considering or implementing a buy-out," said de Vries.

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The proliferation of PRT deals in the Netherlands has been accompanied by a parallel evolution of associated capital and risk management strategies. Longevity reinsurance had become a fixture of de-risking activities before the WTP was introduced, with NN Group in particular behind deals that exceeded €13bn, and the firm recently completed a $4bn longevity reinsurance deal with Prudential Financial. But market participants have also begun using funded reinsurance, or asset-intensive reinsurance (AIR).

Under such structures, longevity and market risk are transferred to reinsurers, freeing up capital for insurers to bid for further and/or larger contracts; funded re is already prevalent in the UK market, where it's estimated the structures will support almost 30% of bulk annuity premiums by 2026.

However, the Dutch regulators also seem to have been taking their cues from across the North Sea. They've adopted an equally cautious position as the UK's Prudential Regulation Authority, concerned that funded reinsurance deals could bring their own risks to the market. Consequently, since January, Dutch insurers have been required to seek approval from the central bank before signing such contracts.

"Longevity reinsurance is still a very attractive risk and capital management tool… and… extending their toolbox with AIR gives these life insurers even more means to manage their risk and capital profile which is valuable as buy-outs are very capital intensive," said de Vries.

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Editorial Enquiries
editor@liferisk.news
+44 (0) 20 3490 0271