



Prudential Retirement enters funded reinsurance business

Recognized leader in the global pension de-risking market pilots a new promise to U.K. insurers

NEWARK, N.J., October 30, 2020 — Prudential Retirement, a business unit of Prudential Financial, Inc. ([NYSE: PRU](#)), is expanding its global longevity reinsurance business with a new offering driven by explosive growth in the U.K. pension market.

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Amy Kessler,
Head of International Reinsurance
Prudential

Prudential’s first transaction in the emerging funded reinsurance market closed in June with Aviva, a leading U.K. insurer.

“Prudential is thrilled to be able to announce this transaction with Aviva today,” said Rohit Mathur, vice president and head of International Transactions for Prudential Retirement. “Aviva has been a great partner and we are delighted to complete our first funded reinsurance deal with them.”

“This innovative funded reinsurance transaction further strengthens the relationship between Aviva and Prudential Retirement and is the result of a fantastic collaborative effort between both parties,” John Smitherman-Cairns, Managing Director of Annuities at Aviva*, said.

“Funded reinsurance, Prudential’s latest de-risking offering, allows an insurer to transfer both asset risk and longevity risk associated with pension and annuity liabilities,” said Mathur. “The reinsurer contracts to reimburse the insurer for monthly benefits for as long as people live. Up until now, Prudential has reinsured longevity risk from insurers, but here we also take the asset risk, becoming an additional layer of security, mirroring the insurer’s promise to pay all benefits for as long as the people live.”

The U.K. market for pension bulk annuity contracts has experienced explosive growth in recent years. As a result, insurers are seeking reinsurance partners to take on the full asset and longevity risk in order to bring additional capital and asset management expertise to the market to fuel its continued growth.

“Since early 2019, we have witnessed an increase in market activity and volumes in the U.K. market leading to a greater need for funded reinsurance solutions,” said Amy Kessler, head of International Reinsurance for Prudential. “Our entry into the funded reinsurance business is a natural place for us to expand. The presence of reinsurers like us, with both longevity capacity and asset management capabilities, will allow the U.K. market to continue to grow in new ways in the years to come.”

Christian Ercole, vice president, International Reinsurance, added Prudential is uniquely positioned to manage these risks. “We are a [top 10 global asset manager](#) with strong expertise originating and managing corporate and private fixed income assets,” he said. “Our offering indirectly provides U.K. insurers access to our asset origination capabilities to support this growing market.”

*Interim and subject to regulatory approval.

About AVIVA

Aviva is a leading international savings, retirement and insurance business. We exist to be with people when it really matters, throughout their lives – to help them make the most of life. We have been taking care of people for more than 320 years, in line with our purpose of being ‘with you today, for a better tomorrow’.

Our vision is to earn our customers’ trust as the best place to save for the future, navigate retirement and insure what matters most to them. In 2019, we paid £33.2 billion in claims and benefits on behalf of our 33.4 million customers.

Total group assets under management at Aviva group are £522 billion and our Solvency II capital surplus is £12.0 billion (HY20). Our shares are listed on the London Stock Exchange and we are a member of the FTSE 100 index.

About Prudential Retirement

Prudential Retirement delivers retirement plan solutions for public, private, and nonprofit organizations. Services include defined contribution, defined benefit and nonqualified deferred compensation record keeping, administrative services, investment management, comprehensive employee education and communications, and trustee services, as well as a variety of products and strategies, including institutional investment and income products, pension risk transfer solutions and structured settlement services. With over 85 years of retirement experience, Prudential Retirement helps meet the needs of 4.6 million participants and annuitants. Prudential Retirement has \$497.6 billion in retirement account values as of June 30, 2020. Retirement products and services are provided by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT, or its affiliates.

About Prudential

Prudential Financial, Inc. ([NYSE: PRU](#)), a financial wellness leader and premier active global investment manager with more than \$1.5 trillion in assets under management as of June 30, 2020, has operations in the United States, Asia, Europe, and Latin America. Prudential’s diverse and talented employees help to make lives better by creating financial opportunity for more people. Prudential’s iconic Rock symbol has stood for strength, stability, expertise and innovation for more than a century. For more information, please visit [news.prudential.com](#).

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