

Longevity risk management: Prospects for a broader longevity risk market



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Legal & General

Insurer view



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Consultant view



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Investor/market view

Is Traditional Reinsurance Capacity Enough?

Assessing the balance between growing demand for longevity risk transfer and available reinsurance capacity



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DEMAND Insurers/Pension Schemes



PRT volumes



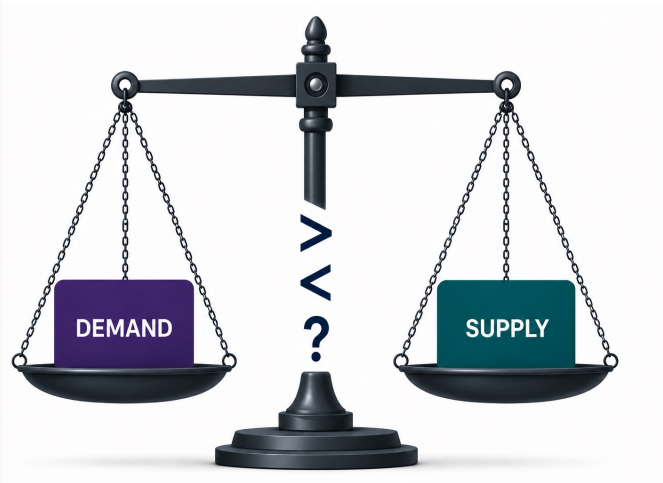
Scheme run-off /
longevity hedging



Existing insured books

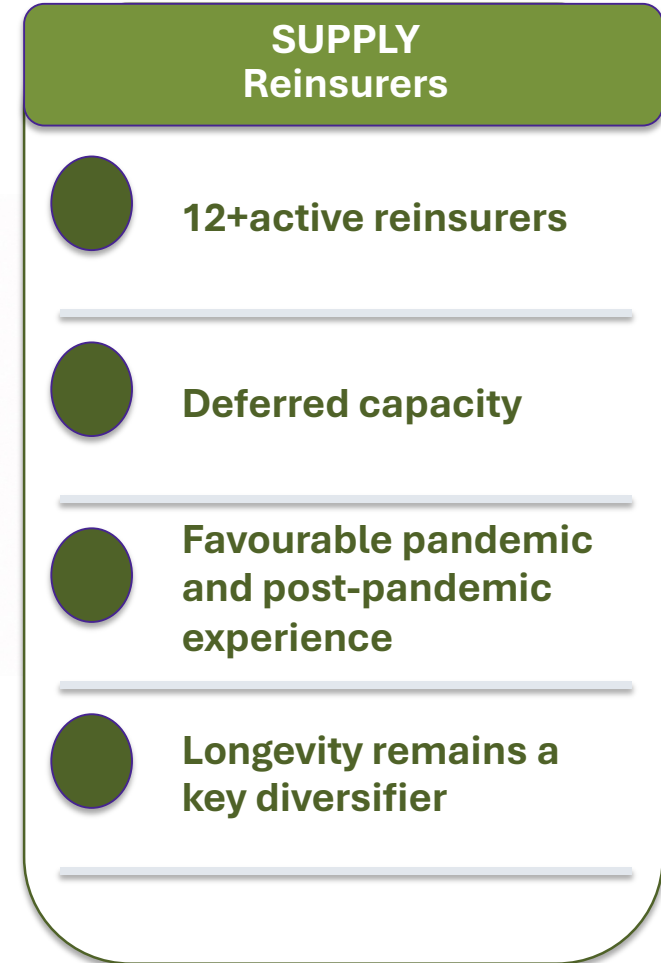


International PRT



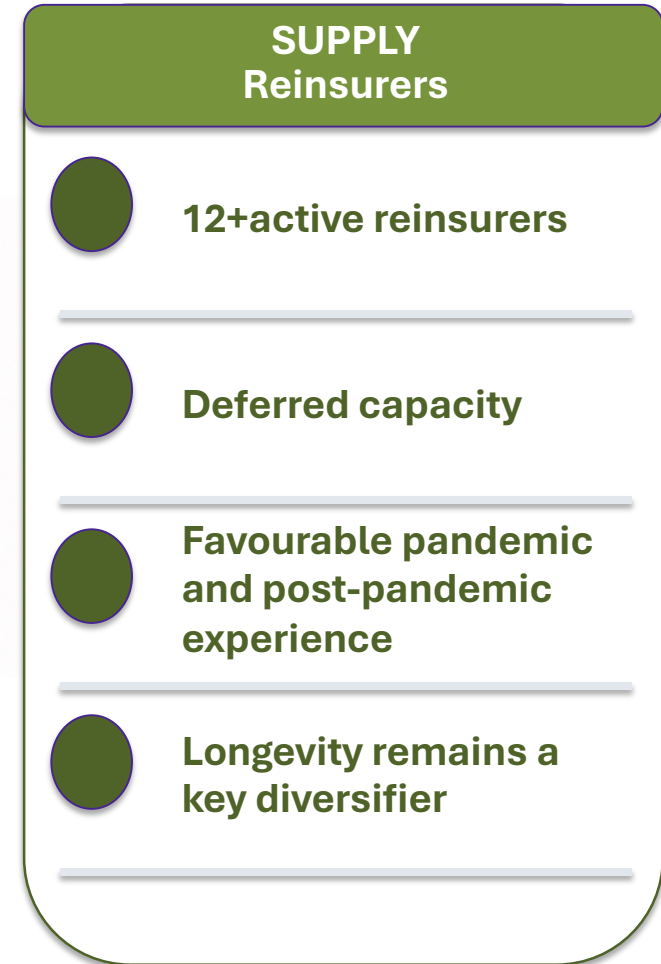
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At current volumes, the market appears to have sufficient supply to meet demand

The Squeeze Ahead: Growing Demand Could Outpace Supply?

Sustained growth in PRT volumes could hit constraints in traditional reinsurance capacity

Demand is growing



**~£1 TRILLION
potential
market in UK**



**International
markets**

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SUPPLY: Constrains on scaling



**Concentration Risk – UK
lives**



**Insurer counterparty
limits**



Reinsurance appetite



**Model risk – pricing
volatility**

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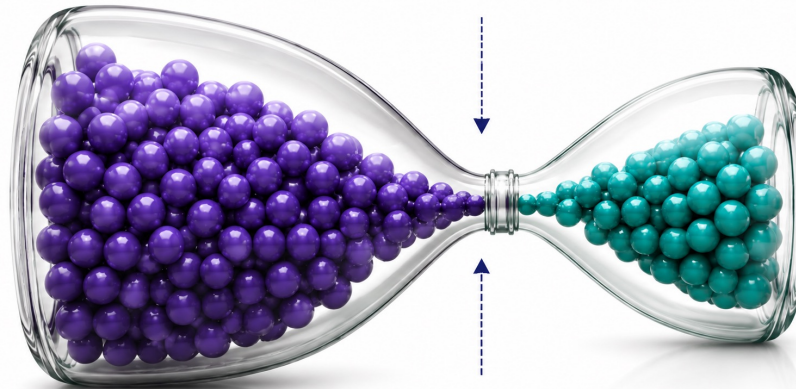


International
markets



POTENTIAL SQUEEZE

*Rising demand could exceed the ability of
traditional reinsurance capacity to keep pace?*



SUPPLY: Constraints on scaling



Concentration Risk – UK
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Reinsurance appetite

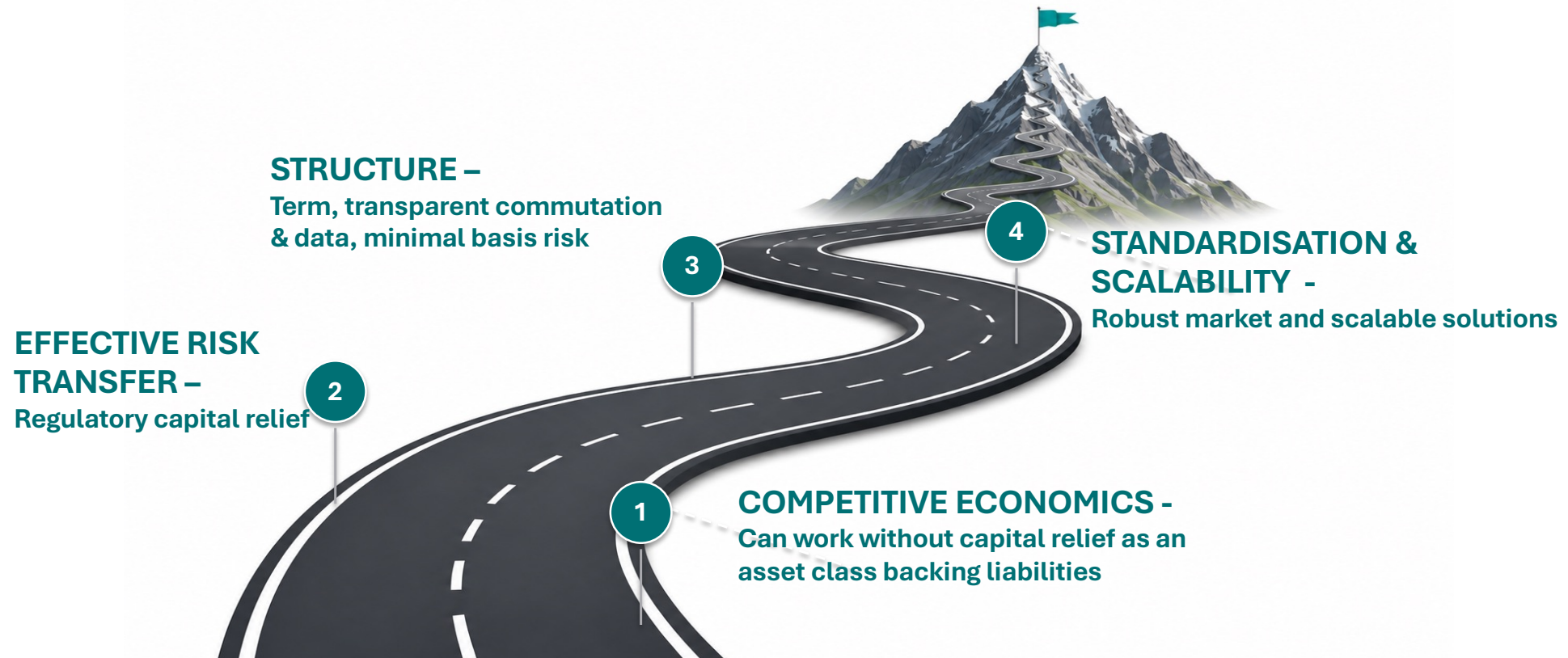


Model risk – pricing
volatility

Broadening the capital base could provide the additional capacity needed to support the next phase of longevity risk transfer

The Case for Alternative Solutions

To enable the next phase of PRT growth, alternative capital solutions must meet insurer priorities and overcome key challenges



The path forward is clear. Alternative solutions that deliver long-term, capital-efficient, competitively priced and effective risk transfer can help build a more resilient longevity risk market.