

Barnett Waddingham

MetLife[®]

Assurance Limited

Small Schemes Buy-Out Arrangement

FACT SHEET

2008 saw an upsurge in the number and size of deals involving the transfer of pension liabilities to insurance companies. With this increase in demand, insurers have concentrated their efforts and devoted more resources to the larger pension schemes.

This has meant that smaller schemes may have struggled to obtain competitive quotes in a timely fashion.

To address this challenge, Barnett Waddingham has formed a strategic alliance with MetLife Assurance Limited to offer an arrangement specifically designed for smaller schemes. The arrangement has been designed to be most appropriate for smaller schemes looking to secure liabilities as low as £5 million. However, any scheme looking to secure liabilities with an insurance company might benefit from some features of this arrangement which is available to any scheme that has appointed Barnett Waddingham to advise on the pension risk transfer process.

Barnett Waddingham and MetLife Assurance have worked very closely to streamline what can sometimes be a protracted buy-out process, depending on the size and complexity of the scheme. This new arrangement aims to contain costs and speed up the key aspects of the process for smaller schemes. Important aspects of the process are:

Viability Assessment

The approach many schemes have taken to assess whether liability transfer is viable is to request a quotation(s) from one or more insurer. The quotation(s) gives the reassurance that an insurer will be willing to take on the scheme's liabilities and a good indication of the likely final cost. However, smaller schemes may have struggled to obtain quotations in a timely manner, during which time the scheme's financial circumstances can change dramatically. Through the arrangement with MetLife Assurance we are able to produce indicative quotations based on MetLife Assurance's pricing so the initial quotation can be available quickly, typically in a matter of days rather than weeks.

Streamlined Procedures

We have worked closely with MetLife Assurance to streamline the key steps required. As well as speeding up the process this should keep professional and investment transition fees to a minimum. Once the trustees and sponsoring employer decide to proceed, the policy documentation and transfer of assets need to be arranged. We have worked closely with MetLife Assurance to understand their requirements and have simplified this part of the process. Ensuring this final stage is completed quickly is particularly important given the current volatility in investment markets.

Buy-Out Price

We cannot guarantee that MetLife Assurance will always provide the lowest price in all circumstances but our research suggests that their pricing is generally competitive. We teamed up with MetLife Assurance based on a competitive tender process and, if your scheme is looking to secure liabilities, particularly if they are below £20 million, this arrangement offers an expedited process, greater certainty and access to an insurer willing and interested in working with a scheme of your size through this process.



If you wish to carry out a wider market review, we are happy to include MetLife Assurance as part of a full auction process involving other insurers with the understanding that obtaining quotes from other insurers in a traditional buy-out could take several months.

Due Diligence

Trustees and sponsoring employers need to be satisfied with the financial strength of any insurer from whom they purchase a policy. Barnett Waddingham has carried out a detailed screening exercise on MetLife Assurance focusing on key areas of their business and currently has no concerns over its financial strength, ability to raise capital or its claims paying ability. MetLife Assurance, which is FSA regulated, was rated A+ by Standard & Poor's as at January 2010.

Please contact your Barnett Waddingham consultant if you would like to discuss this arrangement in more detail. Alternatively, please contact:

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For more information about MetLife Assurance and MetLife, Inc., please visit www.metlife.co.uk