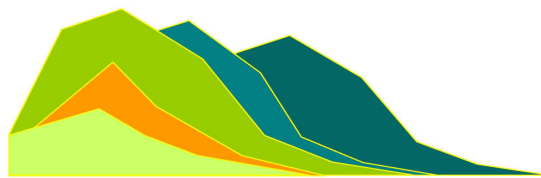


# BrightonRock



*Innovation in protecting pension schemes against sponsor failure*

[www.brightonrockgroup.co.uk](http://www.brightonrockgroup.co.uk)

For all companies but the weakest, BrightonRock will provide insurance to defined benefit pension schemes against the risk of sponsor failure. While an insurance company operating in the UK DB marketplace, BrightonRock's business model is not that of a bulk pension annuity provider. By giving trustees an option on annuitisation as well as guaranteeing annuitisation on sponsor failure, BrightonRock encourages the continuance of defined benefit pension schemes – unlike the bulk annuity providers who seek to kill them off.

The Pensions Act 2004 created the Pension Protection Fund and the Scheme Specific Funding regime. A direct consequence is that sponsors and trustees have been forced to compromise with strategies that are both suboptimal with regard to the sponsor's business and suboptimal with regard to an investment strategy attuned to long-term liabilities. BrightonRock's insurance provides a solution to many of these difficulties.

BrightonRock will be an EU-regulated insurance company providing coverage via a tripartite indemnity contract between BrightonRock, sponsor and trustees. The annual premium will be a fixed proportion of liabilities. It will be of the same order of magnitude as typical asset management fees. For sponsors the BrightonRock policy will mitigate some of the volatility that pensions introduce to their business value, at an ultimately lower cost than alternative approaches. For trustees it will directly address the primary risk they face: adverse changes in the employer covenant through insolvency or M&A. For sponsor, trustees and scheme members BrightonRock guarantees that the pensions will be paid in full without limit, and not just the maximum 90% coverage that the Pension Protection Fund provides.

## Sponsor Benefits

- Removes the scheme from otherwise mandatory Pension Protection Fund levies.
- Predictable premium against an uncertain Pension Protection Fund levit
- Stabilises cash flow management, may improve sponsor valuation.
- Allows multi-asset class investment programs that can be earnings accretive.
- Allows contribution flexibility in times of economic stress for the sponsor.
- Facilitates multi-scheme reorganisation and consolidation.
- Permits corporate sponsor's management to focus on running its core business.

## Trustee and Scheme Member Benefits

- Insures the “employer covenant”.
- Allows new contributions to the scheme and accrual of future pension benefits.
- Encourages continuance of the scheme, remaining open to new entrants.
- Policy is a contra-cyclical asset of the scheme.
- Allows greater freedom for investment diversification.
- Payment in full of pension benefits promised at all times.

***BrightonRock: insuring the sponsor covenant in full***

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