

# Professional Pensions

## LATEST NEWS



### **BrightonRock set to launch insurance alternative to buyout - *EXCLUSIVE***

*by Jonathan Stapleton 29-11-2007*

A new insurance firm will launch a product that allows trustees to insure the sponsor covenant in full and provide an alternative to bulk annuity buyouts.

*Con Keating* BrightonRock Insurance says it will provide scheme trustees with an insurance asset that will cost about the same as typical asset management fees – around 0.5pc per annum.

The product will be structured as a tri-partite indemnity contract between BrightonRock, the sponsor and trustees and will insure the employer covenant in full which, it says, will encourage continuance of the scheme and also allow greater freedom for investment diversification.

The product will also remove the pension scheme from Pension Protection Fund levies and will allow sponsors to mitigate some of the pension scheme's volatility at a lower cost than alternative approaches.

The approach will additionally give trustees an option on annuitisation as well as guaranteeing annuitisation should a sponsor fail.

BrightonRock head of research Con Keating said: "A direct consequence of the PPF and the scheme-specific funding regime is that sponsors and trustees have been forced to compromise with strategies that are both suboptimal with regards 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."

Keating added: "BrightonRock encourages the continuance of defined benefit pension schemes – unlike the bulk annuity providers who seek to kill them off."

BrightonRock hopes to launch the product on July 1 next year – but already has 12 full-time staff working on it.

The BrightonRock team is headed by former Nomura managing director of pension solutions Sandy MacKenzie and also includes City economist and former National Association of Pension Funds policy adviser Jonathan Hoffman, and former SEI Investments director of institutional strategy Andrew Slater.