

# 5 min guide to...

## Managing annuity risk via reinsurance

---

Would your firm be interested in turning a negative cash flow into a positive ceding commission?

### So let's set the scene...

Low interest rates are not going away anytime soon – plus Life insurers are facing longer liabilities as longevity increases. Why not divest of an underperforming block of annuity business to take advantage of a well-capitalised reinsurance market?

### How can Aon help me navigate these challenges and seize the opportunities?

Aon is working with reinsurers that have an appetite for fixed annuity business to secure an actuarially-driven coinsurance transaction that brings balance sheet efficiency. The insurer cedes the liability and corresponding assets to the reinsurer which results in the reinsurer paying the benefits going forward.

### What are the benefits for life insurers?

1. Reduce interest rate risk and associated spread compression.
2. Dispose of an underperforming block of business.
3. Free up capital for new initiatives and businesses with higher returns.

### Sounds good but what makes your solutions different?

- We have already delivered enhanced terms for insurers turning projected negative cash flows into positive ceding commissions.
- The team's experience across multiple jurisdictions and pensions regulations ensures each contract is compliant with your local scheme.
- Our beginning to end advisory services include rating agency, regulatory and treaty consultation to further support the transaction.

### How can you...

Contact us to find out more

Mitchell Schepps  
t + 1.203.326.4375  
[mitchell.schepps@aon.com](mailto:mitchell.schepps@aon.com)

Roger Smith  
t: +44 (0)20 7086 3381  
[roger.smith@aon.com](mailto:roger.smith@aon.com)