



What I didn't know about insurers – until I was one

▶ **Just Defined Benefits head of proposition development, Andy Fryer, shares what he has learnt following his move from the consultancy side to now working for an insurer**

As a consultant, I thought I had a pretty good idea of what insurers did and what they brought to the table in the context of DB pensions. I'd spent years advising schemes on their end game strategies, including whether buyout was the right route for them.

I'm on the other side of the fence now and, after two years with an insurer, I see some things a bit differently. It's not that my previous views were wrong, it's that I didn't know what I didn't know.

I didn't fully understand the depth of an insurer's capabilities – or the scale of risk management that goes on behind the scenes – until I started living and breathing it every day. I had a blind spot.

Insurers passionately believe in their product. Here are a few things I've learned that have shaped how I view buyout as an endgame option.

1. Financial security

I used to think I understood insurer strength. Now I know it. The financial resilience of insurers isn't just strong – it's really strong. We're capitalised to over 200 per cent of the amount required under the insurance rules. That means we're not just built to withstand a 1-in-

200-year shock; we're able to withstand two of them in a row.

But strength isn't just about an assessment of capital today. We're a diversified business, with the ability to raise further capital to support growth and adapt to future needs.

And if our capital position were ever to weaken materially – a remote scenario – the PRA, our pro-active regulator, has the authority to intervene early. It can require us to take action to strengthen our position, including pausing new business or adjusting our risk profile. Even a temporary pause helps restore capital strength, as reserves tied to existing policies are released over time.

It's no coincidence that no insurer has ever defaulted on a bulk annuity.

The system is built for resilience and long-term security – and when you've seen the level of scrutiny and control from the inside, it's clear how this is achieved.

2. Governance and risk management

But actually, financial resilience is not the full story. For me, the biggest eye-opener has been the depth of governance and expertise within an insurer – something I never truly appreciated as a consultant.

Risk management under Solvency UK goes well beyond capital adequacy. It's about systems, controls, and deeply embedded processes. Of course, insurers are not only doing this in a highly

regulated environment, they have the experience and scale to back it up. Dedicated teams – career specialists in asset liability management, capital optimisation, longevity modelling, investment risk, regulatory risk and more – working together to constantly stress test and adapt the business to new challenges.

As I navigate new propositions through a raft of internal committees, it can sometimes feel painfully slow – but it's undeniably robust. Risks are examined in detail, with controls and safeguards firmly in place.

It's hard to get that level of integration and oversight at an individual scheme level, not least because it's partly the scale with which insurers operate that drives this higher level of risk management. That makes a huge difference.

The proof is clear: Through Covid-19, the LDI crisis and more recently the political turmoil under the Trump administration, insurer positions remained resilient and stable.

3. Member experience: Enhanced with insurance

We often talk about member outcomes in abstract terms. But at Just, we're making real investments to turn those words into action.

Our purpose, to help people achieve a better later life, shapes

everything we do, including how my team develops new propositions. We know from our research that members, both pre- and post-retirement, want more support when making decisions, clearer communication, and the right information delivered at the right time. To meet these needs, we're prioritising member communications, enhancing online services and are committed to embracing the FCA's Consumer Duty as our guide.

This commitment also extends to training our teams on supporting vulnerable members, plus providing access to financial advice. From a member's perspective, retirement is a major life event. If we can make it easier, less stressful, and better supported, that delivers a real, tangible benefit.

While insurers may have historically lagged in this area, we're now in the

overtaking lane. It's logical that the millions insurers invest in member experience – for the benefit of all schemes they serve – **translates into an enhanced experience for the vast majority of members.**

For schemes transacting bulk annuities now, these improvements are already being implemented, with more on the roadmap and available to members by the point of buyout.

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4. Culture matters

Culture drives our decisions. I'd argue it's the key factor that will ensure an exemplary member experience over the decades to come – not just what current administration SLAs might indicate (though those delivered by our ring-fenced admin team are fantastic).

If you're an adviser or trustee, I encourage you to consider this: Is your preferred insurer proactively embracing the FCA's Consumer Duty, or simply treating it as a compliance exercise? Are they taking clear, demonstrable steps to help members 'avoid foreseeable harm' and 'pursue their financial objectives,' as required by the Duty?

Culture is a strong indicator of the level of care your members will receive. Being part of an organisation with a clear, driving purpose will make a meaningful difference in the years ahead. Culture isn't just a buzzword – it's what underpins real member care.

Informed decisions need full visibility

As the de-risking market continues to evolve, trustees face difficult and often complex choices about the best long-term strategy for their schemes. The thing I've learned is this: Insurers operate with a robust risk and capital management framework and bring extensive experience and scale – enabling them to deliver enhanced security and a better member experience.

It's up to schemes to decide what endgame is right for them. As an insurer, I care that these decisions are fully informed. Having lived and breathed both regimes, I am convinced more than ever that insurance truly represents the gold standard.

Written by Just DB head of proposition development, Andy Fryer

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