Pension Risk Transfer Quarterly Insights

Q3 2026 edition

Issued August 2026

Insurer capacity remains high as H2 gathers pace

Dwee Caleechurn
Director, Head of Bulk Annuities
Dweenisha.Caleechurn@pwc.com
+44(0)7843 117060

Insurance market overview
The first half of 2026 has been characterised by a high number of transactions, but relatively modest overall volumes of around £10bn. We currently expect total market volumes of around £35bn this year, well below the £55bn–£60bn annual market that many predicted only a few years ago. Over the first half of the year, the market was dominated by small and medium-sized scheme transactions. Around 130 schemes completed a buy-in during the first half of 2026 compared to c. 160 transaction for the same period in 2025. We do not currently expect the same step change in buy-in activity seen between 2024 (c.300 transactions) and 2025 (c.370 transactions) with total transactions over 2026 expected to be close to 2025 levels.

A busy summer and autumn ahead for insurers but potentially smaller fields of insurers quoting
July is notoriously a busy month for insurers as consultants issue RFQs for transactions targeting completion before the end of the year. This year has been no exception and over the last month there has also been a noticeable increase in pricing requests. Specifically we have seen an increase in larger, £200m–£500m transactions landing on insurers' desks, creating a particularly busy period for pricing teams.

This has implications for the wider market, in particular, schemes below £100m who have recently benefited from strong insurer appetite, might find insurers pushing for smaller fields in order to being prepared to quote. Some insurers are becoming more selective about the opportunities they quote for, focusing their efforts on transactions where they believe they have the strongest chance of success and can build transaction volumes more efficiently over the remainder of the year. Where trustees and sponsors have a particular preference for insurers to participate in a process, we are seeing pre-shortlisting to encourage these fields. This is an important reminder that insurer dynamics can change quickly, reinforcing the importance of staying close to the market.

Pricing remains highly attractive
Insurer pricing is currently at some of the most attractive levels seen in recent years (see our recent **Insights** update setting out some of the drivers for this). While today's pricing remains highly attractive, insurer pricing continues to move as market conditions and insurer dynamics evolve.

A consequence of this is that we are increasingly seeing schemes come to market with liability hedges that no longer reflect current insurer pricing, potentially leaving them over or under-hedged at the point of transaction. Trustees and sponsors working towards an insurance transaction may want to revisit hedging levels to reflect current pricing expectations. Raj Goswami, PwC's Head of Investment Solutions, explores these considerations on page 4.

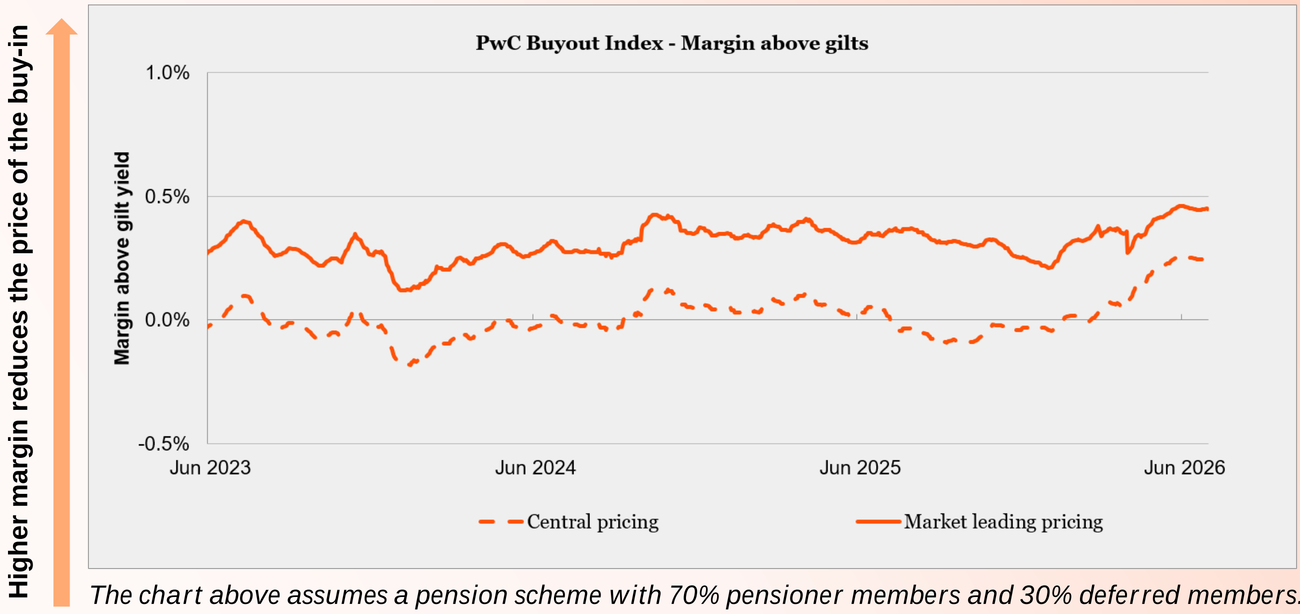
It will be interesting to see how the market finishes the year and whether today's highly competitive pricing is maintained as transaction activity increases through the second half of 2026. The PRA's funded reinsurance reforms, due to take effect from 1 October 2026, together with potential future developments in longevity reinsurance pricing as reinsurers increasingly reflect recent lighter mortality experience in their pricing, may also influence market dynamics.

Looking beyond headline premium
Historically, price has been the primary driver of insurer selection. However, improved funding levels, coupled with today's highly competitive insurer pricing, mean that price is no longer the only differentiator. Where several insurers can offer similarly competitive pricing, trustees and sponsors are increasingly looking beyond headline premium. Operational capability, member experience and an insurer's ability to support an efficient transition from buy-in to buyout are becoming increasingly important selection criteria. An efficient transition to buyout can help minimise ongoing scheme running costs, protecting any scheme surplus and reducing the risk of further sponsor contributions where funding remains tight. Insurers continue to significantly invest in enhancing their capabilities in this space. Our Risk Transfer specialist, Nicola Duncan, discusses these considerations further on page 5.

2026 – a different kind of record?
The high volume of buy-in transactions completed over recent years means there is now a significant pipeline of schemes progressing towards buyout. Many of these schemes are expected to complete that journey during 2026, potentially driving buyout activity to new highs. While it remains to be seen whether 2026 will surpass 2025's record number of buy-in transactions, 2026 could instead be the year in which we see a record number of schemes complete the journey from buy-in to buyout.

You can read more about these insurance market developments in our Q2 Quarterly Insights article **here**.

Pricing



The chart above assumes a pension scheme with 70% pensioner members and 30% deferred members.

The excess of insurer capacity relative to pension scheme demand continues to drive exceptionally strong pricing this quarter.

We currently expect to see well-run processes deliver market-leading pricing which can be up to 5% lower than our central pricing estimate.

Whilst current pricing remains attractive, funded reinsurance reforms and longevity reinsurance pricing reflecting lighter mortality experience could alter market dynamics in the coming months.

Insurer appetite

Our heat map below gives our view of the Q3 2026 appetite across the 10 bulk annuity providers based on appetite for different sizes of pension scheme. Currently, there are multiple insurers quoting for schemes of all sizes.

With a number of larger transactions now coming to market or shortly expected to come to market in H2 2026, we are seeing insurers increasingly favour smaller fields of competing insurers for small and medium sized schemes.

	Number of insurers quoting on deals of this size (£)**					
	< 50m	50 – 100m	100 – 500m	500m – 1bn	1bn – 2bn	2bn+
Strong appetite	2	5	6	6	7	3
Mixed appetite	6	4	3	3	1	4
No appetite	2	1	1	1	2	3

Strong appetite – Insurer is quoting for schemes of this size (note this does not guarantee they will quote on every case of this size).

Mixed appetite – Insurer may or may not quote depending on capacity, or will quote under exclusivity only.

No appetite – Insurer is not currently quoting for or highly unlikely to quote for schemes of this size.

** On 1 April 2026 it was confirmed that Brookfield Wealth Solutions (the ultimate owner of Blumont) had completed its acquisition of Just Group plc. Only the Just entity and brand will remain in the market, reducing the number of insurers in the market from 11 to 10.*

***Please note 'appetite' refers to an insurer's typical willingness to provide a quotation, although this could be further impacted by their capacity and availability of their pricing resource at the time of going to market.*

Liability hedging: staying aligned in a changing market

Raj Goswami
Director, Investment
raj.goswami@pwc.com
+44(0)7483 909644

Liability hedges may need reviewing to reflect changes insurer pricing levels

Rising long-term nominal gilt yields and heightened inflation expectations have created a challenging backdrop for liability hedging. At the same time, buy-in pricing continues to look attractive despite historically depressed credit spreads making it even more important that schemes ensure their hedge positions are well-calibrated ahead of a potential risk transfer.

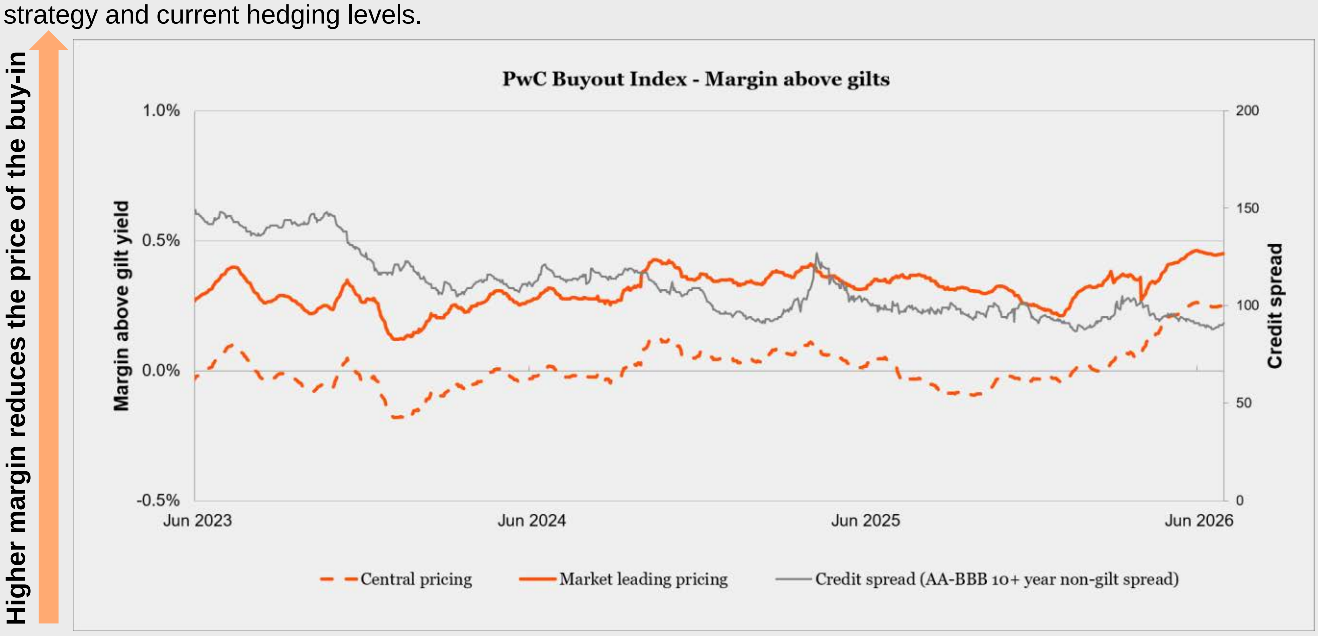
A well-constructed liability hedge should keep a scheme's interest rate and inflation hedge ratios broadly stable through this market backdrop. In practice, however, schemes are increasingly finding themselves overhedged, or hedged incorrectly as they approach the insurance market for a buy-in. The key question for trustees is not simply whether their liabilities remain well hedged, but whether those hedges continue to reflect current insurer pricing. As market conditions evolve, buy-in pricing evolves too. A hedge that was appropriate when planning for a transaction began may no longer provide the protection expected today.

In part, this reflects a mismatch between the interest rate (and inflation) sensitivity of the assets and that of the liabilities they are intended to track, commonly referred to as **basis** risk. In addition, today's exceptionally tight credit spreads mean that insurer pricing is less sensitive to movements in credit spreads than it has been historically. Some insurers are also making allowance in their pricing for expected future higher investment returns arising from more active management of their assets / management actions.

For a scheme targeting a risk transfer, the liability hedging basis may be set relative to a proxy for buy-in pricing. Given the changing market dynamics, schemes should check both whether the interest rate hedge ratio remains in line with the target, and whether the target itself has moved as market conditions have changed. It is important for schemes to consider both their hedging levels and the approach adopted to hedge earlier in the process, to support their endgame goals. Liability hedging should be viewed as an ongoing process rather than a "set and forget" exercise, with regular reassessment helping schemes remain aligned with current insurer pricing and ready to transact when opportunities arise.

Capturing funding improvements

A further observation is that for schemes in deficit which have **not** hedged to the full value of their liabilities, recent rises in yields, are likely to have resulted in a reduction in that deficit. This could make a risk transfer more affordable. It also provides an opportunity to lock-in the gains from the fall in deficit by reviewing the investment strategy and current hedging levels.



The chart above assumes a pension scheme with 70% pensioner members and 30% deferred members.

Addressing the growing buyout backlog: Progress and optimism for 2026

Nicola Duncan
PwC Risk Transfer specialist
nicola.duncan@pwc.com
+44(0)7483 178511

A growing 1000 scheme backlog

At the end of 2025, the market estimates that of the order of 1,000 DB schemes were actively working through the transition from buy-in to buyout. This sizeable backlog presents a significant operational challenge for the UK bulk annuity market - an industry now writing between 350 and 400 buy-ins annually. Our recent research shows that around 160 schemes successfully completed the move from buy-in to buyout during 2025. While this is a meaningful number, it pales in comparison to the volume of new buy-ins and the existing pipeline, highlighting a clear bottleneck in the market's ability to progress schemes efficiently through this key phase.

The high cost of delays

Readers of our Quarterly PRT Insights will understand the critical importance of thoroughly assessing insurers' transition capabilities prior to entering into buy-in transactions. Having a clear, agreed plan covering the implementation of data cleansing and related activities is crucial - not only for smooth operational execution but also to mitigate potential delays.

Delays in the buy-in to buyout transition can be costly and far-reaching. Prolonged timelines can:

- Postpone rectification of member benefits or delay members receiving any enhancements.
- Delay the return of any surplus funds to the sponsor.
- Impact accounting implications for sponsoring employers.
- Result in increased ongoing pension scheme administration costs.

Given these potential impacts, efficient progression through this phase matters for all stakeholders.

Positive developments and industry innovations

Fortunately, the market is responding positively to these challenges. Insurers are investing significantly in expanding their post-transaction transition capabilities. Consultants and professional trustees are increasingly developing specialisms dedicated to supporting schemes through these complex phases.

There is a noticeable trend towards more upfront, structured planning of transition timetables prior to buy-in agreements. Some schemes are even choosing to front-load the data preparation work needed for the subsequent cleansing period, aiming to reduce bottlenecks later.

Insurer innovation is playing an important role in streamlining transitions. Integration of pricing templates into transition processes enables earlier identification of potential data or process issues, allowing quicker resolution. Insurers are also enhancing their capabilities in benefit rectifications, such as GMP equalisation, helping ensure member entitlements are addressed accurately and efficiently. Contractual protections are becoming increasingly sought by trustees, with insurers committing to clear timescales for their responsibilities within the journey from buy-in to buyout. These measures help bring greater transparency, accountability, and confidence in delivery for trustees and sponsors alike.

Balancing speed with accuracy

While rapid transitions - from buy-in to buyout in just a matter of months - make headlines and demonstrate what is possible, market participants recognise that pace is not the only consideration. In many cases, particularly where large-scale benefit rectifications are required, a realistic timetable of a couple of years is prudent and necessary.

Setting achievable timelines upfront and avoiding overpromising prevents operational bottlenecks and consequences such as missing critical administration transition slots, which can cause costly delays and queueing later in process.

Looking ahead: An improving transition landscape

Our research indicates that insurers are targeting around 300 schemes to complete the move from buy-in to buyout in 2026 - nearly double the number achieved in 2025. While this is still below the expected number of buy-ins for the year, it is a marked improvement and a clear indication that the industry is actively addressing the operational challenges involved in scaling up transitions.

Specialist third parties like PwC are increasingly supporting both trustees and insurers by delivering data cleansing, GMP equalisation and specialist post buy-in project management. The next phase of the UK buyout market will not be defined by how many schemes reach buy-in, but instead it will be defined by how efficiently they reach buyout and wind-up.

Risk transfer at PwC

PwC's pensions risk transfer team is a group of 35 dedicated specialists and sits within a 300-strong national pensions practice with a wider team of subject matter experts specialising in asset solutions covering illiquid and alternative assets, data and administration solutions, pensions and insurer covenant and regulation, DC pensions, longevity solutions and tax structuring.

We advise trustees and sponsors of schemes ranging from small (less than £10m in size) to multi-billion in size.

We focus on ensuring member benefits are secured optimally, while meeting overall trustee and sponsor objectives. In doing so, we advise on the full range of endgame solutions from traditional buy-ins to innovative alternative risk transfer solutions and run-on solutions. We also provide full support on the buy-in to buyout journey.

Further details on Risk Transfer at PwC, and previous Quarterly Insights publications, can be found on our website here.

> "PwC delivered a well-structured, collaborative buy-in project that was underpinned by strong planning, clear communication, and pragmatic problem-solving. Their ability to coordinate across stakeholders, manage complexity, particularly around illiquid assets, and maintain momentum throughout was instrumental in achieving a successful outcome. The relationship was built on trust, responsiveness, and a shared focus on delivering an excellent result for members, the Trustee and the Company, making PwC a highly valued partner."
>
> **PAN Trustees**

> "I am absolutely delighted with the outcome of the recent buy-in project and the role PwC has played in supporting us on this journey. The team has worked seamlessly with our stakeholders to keep the project on track and their experience and knowledge of the insurance market allowed us to secure a fantastic outcome for the scheme and its members."
>
> **Group Reward & Pensions Director**
> **FTSE 250**

Contact us

Matt Cooper
Head of Pension Risk Transfer
matthew.l.cooper@pwc.com

Dwee Caleechurn
Head of Bulk Annuities
dweenisha.caleechurn@pwc.com

Tom Whiteley
Director, Pension Risk Transfer Specialist
thomas.m.whiteley@pwc.com

Iain Pearce
Head of Alternative End Games
iain.pearce@pwc.com

Amy Hemmett
Head of Superfunds
amy.l.hemmett@pwc.com

Kelly McAfee
Head of Transitions
kelly.mcafee@pwc.com

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business and consumer credit-related activity; details of our status can be viewed under firm reference number 221411. © 2026 PricewaterhouseCoopers LLP. All rights reserved. 'PwC' refers to the UK member firm, and sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.