

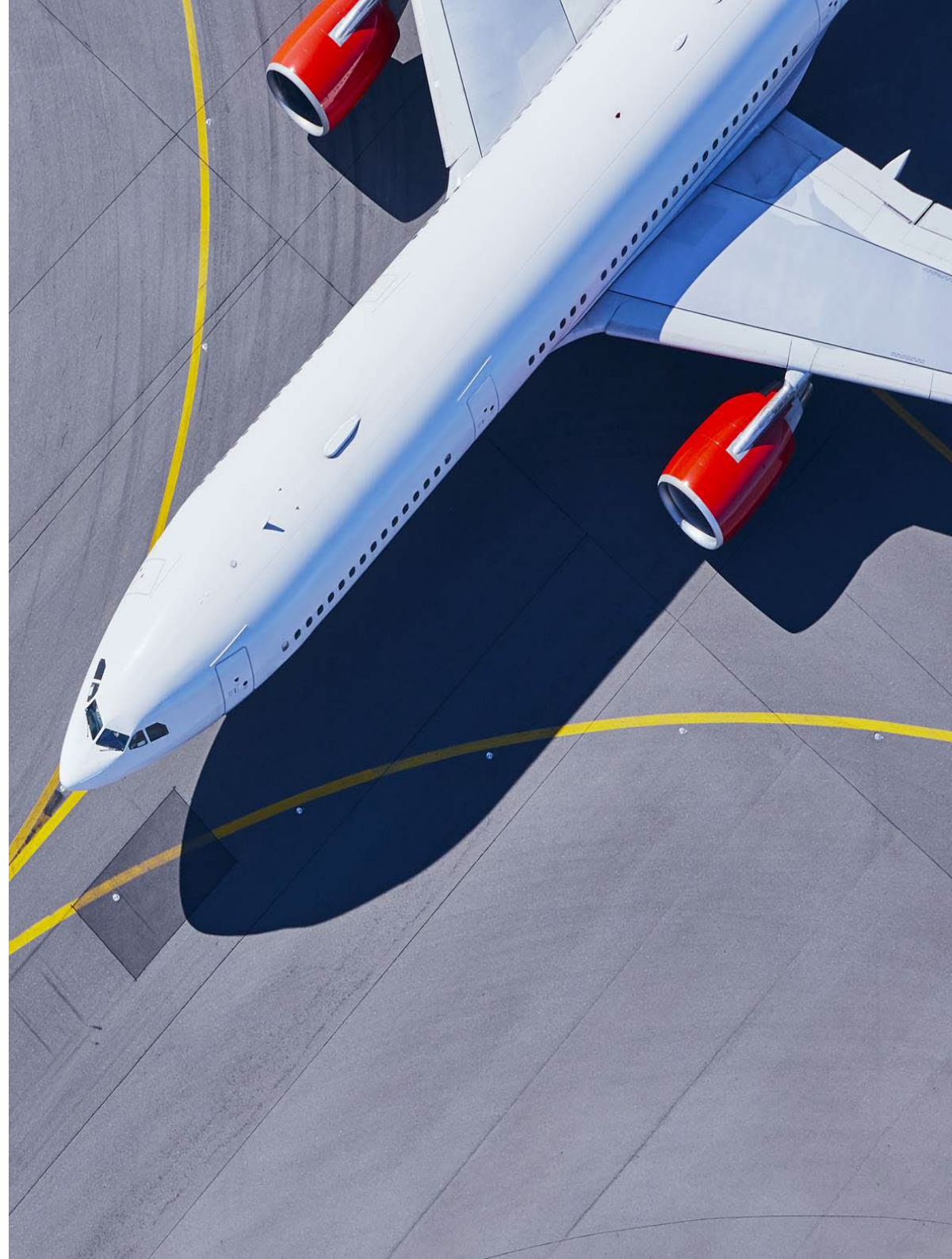


Bulk annuity market update

H1 2026

Prepared for: Professional clients only
Prepared by: Aon's Insurer Due Diligence team

30 September 2026



Bulk annuity market

Strong competition leads to high activity

The bulk annuity market saw a significant number of deals transacted in the first half of 2026. However, as is typical in the first half of the year, total volumes are expected to be significantly higher in the second half.

£10.2 billion of transactions were completed during the first six months of 2026, exceeding the £9.7 billion recorded during the first half of 2025.

This activity reflected 138 transactions – historically a high level, but below the record first half level of activity seen in 2025 (160 transactions).

Larger (over £100 million in size) deals in particular are likely to occur more in the second half, with many already disclosed. Since the start of 2023, more than 1,000 bulk annuity transactions have now been completed, demonstrating the continued depth and maturity of the UK bulk annuity market.

Key themes across the first half of 2026 were:

- Continued expansion of insurers' streamlined propositions targeting transactions below £100 million.
- Ongoing strong competition for most smaller transactions, with schemes in the £20m-£100m range in particular attracting more bidders in auction processes.
- Increasing differentiation through non-price factors, including member experience, operational capabilities and additional support to scheme activities.

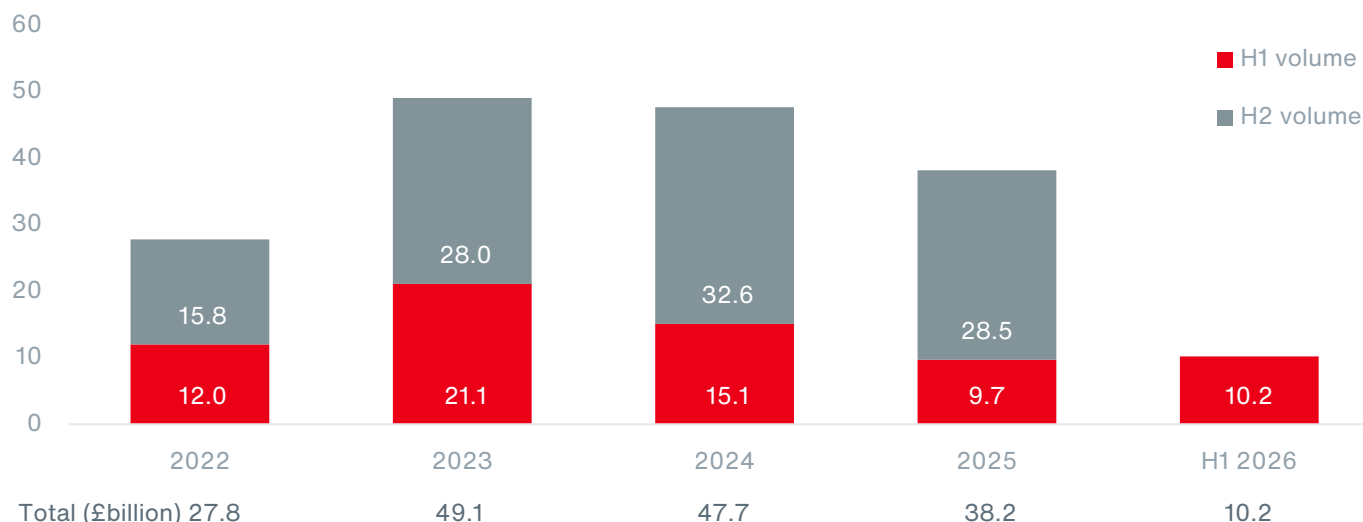
Insurers currently have strong pipelines and we expect full-year bulk annuity volumes to exceed £30 billion in 2026 for a fourth consecutive year.

2026 H1 bulk annuity volumes amounted to £10.2 billion, with 138 transactions.

82 percent (113) were under £100 million.

The 25 larger deals are not fully representative of market activity: the second half of 2026 will see higher volumes, with insurers seeing a strong pipeline of deals and holding spare capital to deploy.

Bulk annuity volumes split by half year (£bn)



Source: Aon's Insurer Due Diligence team

How the deals unfolded

The market continues to be dominated by smaller transactions, with 82 percent of transactions completed during the first half of the year below £100 million, and 50 percent of those transactions being below £10 million.

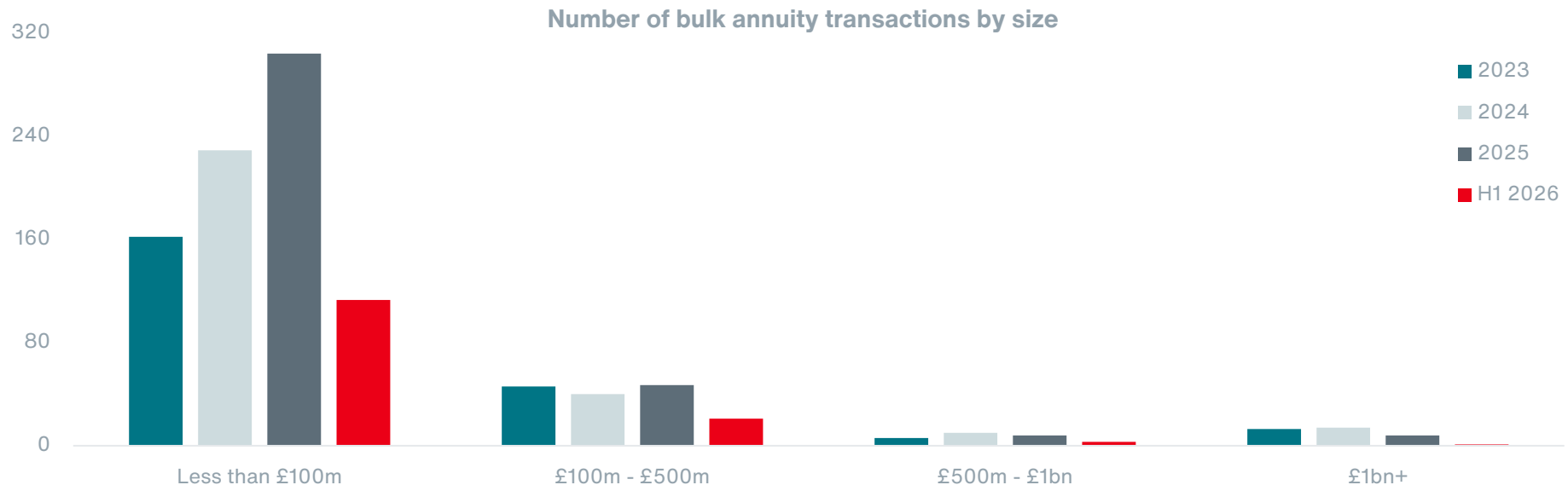
Only one £billion+ transaction was completed during the first half of 2026.

The high recent number of transactions has placed growing demands on insurer implementation and administration teams, with a number of insurers now utilising panels of third-party administrators to support implementation and ongoing servicing. Trustees should therefore carefully consider operational delivery, member servicing and implementation expertise alongside pricing when selecting an insurer.

Aon's Insurer Due Diligence team has been monitoring these aspects for over 20 years and has advised on over £100 billion of risk settlement projects. This is a recurring area of focus from trustees and sponsors in recent auctions.

The chart below shows how deals were split across different sizes.

Source: Aon's Insurer Due Diligence team



Insurer investment

The UK bulk annuity market continues to attract significant external investment. During 2026, Athora completed its acquisition of PIC and Brookfield completed its acquisition of Just Group following regulatory approval. Subject to approval, JAB Insurance's proposed acquisition of Utmost is expected to follow later this year.

While no significant changes in strategy have yet emerged following these transactions, they demonstrate the continued attractiveness of the UK pension risk transfer market to global institutional investors. Combined with the recent announcement of Standard Life's new pension risk transfer partnership, these developments highlight the confidence investors continue to have in the long-term growth prospects of the market.

This continued influx of capital should help support ongoing innovation, increased insurer capacity and continued competition across the market.

Competitive year for providers

Rothesay completed the largest volume of business during the first six months of 2026, writing £2.8 billion, while Just Group remained the market leader by number of deals, completing 46 transactions.

While Aviva and Just Group continued to write most sub-£10m transactions (86% of them), we are starting to see the increased competition meaning deals are more spread across insurers in the £10m-£100m range.

Both Rothesay and Royal London launched dedicated streamlined propositions to support smaller deals, increasing the number of these to five.

Outlook for remainder of 2026

Insurers have already announced approximately £8 billion of transactions that have either completed or are in exclusivity since 30 June 2026. Against this backdrop, we expect total market volumes to exceed £30 billion in 2026, making it the fourth consecutive year above this level.

Competition remains strong and insurers continue to demonstrate appetite for both small and large schemes, and several want to significantly increase their 2026 volumes. While pricing remains an important consideration, when selecting an insurer, trustees are increasingly placing greater emphasis on non-price factors such as member experience, operational capability, financial strength, ESG credentials and cyber resilience.

For schemes that are well prepared, the current market continues to present attractive opportunities to secure benefits in a highly competitive environment.

Insurer	H1 2026		2025		2024	
	Volume (£m)	No. of deals	Volume (£m)	No. of deals	Volume (£m)	No. of deals
Rothesay	2,818	14	5,170	17	10,290	5
Legal & General	1,855	11	10,237	45	8,412	38
Standard Life	1,635	4	3,899	7	5,038	12
Aviva	1,120	32	4,620	86	7,800	61
Canada Life	759	9	959	11	1,261	14
Just Group	647	46	3,075	130	5,376	129
M&G	605	4	1,525	9	920	3
Royal London	457	9	1,623	19	537	4
PIC	265	6	6,750	26	8,035	25
Blumont	9	3	31	8	-	-
Utmost	0	0	274	9	38	2
Total	10,170	138	38,163	367	47,707	293

Note: The figures in the table exclude consolidator, captive-structured and sponsor swap transactions as well as overseas bulk annuity transactions.

Source: Aon's Insurer Due Diligence team

Longevity swap market

In March 2026 the Dutch insurer Achmea announced transactions that reinsured €8bn of pensioner and non-pensioner longevity risk. These Aon-led transactions provide the latest evidence of the market's continued ability to provide attractively priced capacity to mitigate pensions longevity risk.

In addition, a number of ongoing transactions have reinforced several themes highlighted in our previous bulletins:

- Highly attractive pricing.
- Increased accessibility for schemes of a wider range of sizes.
- Strong market appetite and improving pricing for deferred longevity risk alongside in-payment risk.

Key takeaway

The longevity swap market remains highly relevant to schemes pursuing either a run-on or buyout strategy.

Pricing outlook

A question we are frequently asked is how long the current, highly attractive, pricing levels might persist.

There are two key drivers here:

1. Available supply of reinsurance capacity – we expect this to remain strong for the foreseeable future, continuing to support a competitive market.
2. The outlook for future life expectancy, which influences the assumptions underlying longevity pricing.

Key question on pricing outlook:

Could we be approaching a turning point after more than a decade of modest longevity improvements?

Future life expectancy impact on pricing

In relation to future life expectancy, national mortality experience across 2024, 2025 and 2026 year-to-date has shown a continuation of relatively light mortality. If this trend persists through the remainder of 2026, the next industry-standard mortality projections, expected in March 2027, could result in a further meaningful increase in longevity assumptions and liability valuations, building on the impacts of the 2024 and 2025 model updates.

This would place upward pressure on pension scheme liabilities, and on insurance pricing.

Longer-term outlook

Looking further ahead, there remain both positive and negative influences on future UK life expectancy trends, meaning longevity risk continues to represent a material uncertainty and financial risk exposure for pension schemes.

What is notable, however, is that as the COVID-19 pandemic recedes further into the past, industry discussion has increasingly shifted towards the potential impact of medical, pharmaceutical and technological advances that could drive significant future improvements in life expectancy.

Mortality on the agenda

Today's pricing remains highly attractive, but emerging mortality trends mean that waiting to hedge longevity risk may not be rewarded. For this reason, whether as part of a well-managed run on strategy, or as a precursor to bulk annuity purchase, this should be high up on trustee and sponsor agendas.

Consolidator market

Interest in superfunds and other alternative endgame solutions has increased, particularly for schemes that cannot afford buyout without more support. This is partly driven by the continued regulatory focus on trustees assessing the full range of options available alongside buyout and run-on.

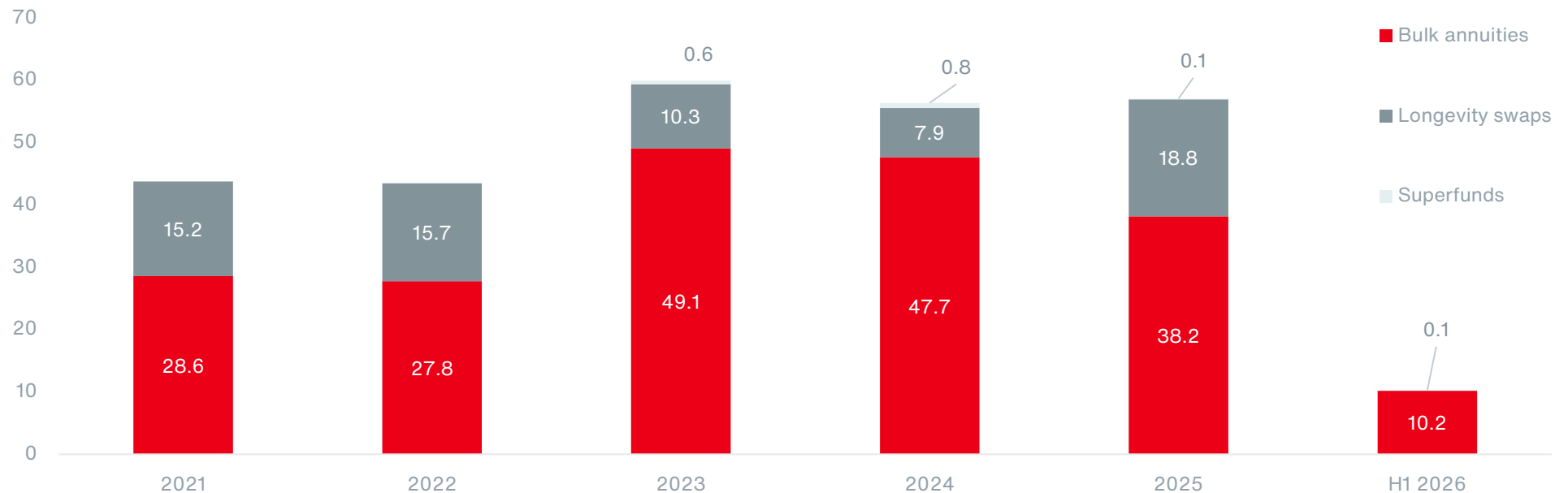
Clara remains the only transacting superfund, transferring 2 new schemes to its arrangement over 2026, bringing their total transactions to six. The latest two sit within Clara's 'Small Scheme Offering' where smaller schemes are pooled to share running costs, making the superfund solution accessible for a wider range of schemes.

Increased demand has driven increased innovation, with two potential superfund providers which intend to offer a 'run-on' superfund solution currently progressing through TPR's assessment process and a number of other potential entrants exploring the market.

At the same time, innovation continues for further consolidation options. Following Aberdeen's landmark transaction with the Stagecoach Pension Scheme in 2025, the first deal with a change of sponsor for some years, there has been increased interest from other asset managers in similar structures. We have also seen the James Neill Pension Plan implementing the market's second capital-backed transaction, with Portunes Pension Capital loaning funds to support the scheme.

Increased competition and a broader range of solutions should be positive for trustees and sponsors, allowing endgame strategies to be tailored more closely to individual scheme objectives.

Volume of risk settlement transactions (£bn)



Source: Aon's Insurer Due Diligence team

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