

CASE STUDY

EMPLOYEE BENEFITS MARCH 2016



BUYOUT TEAM BUY-INSURE SOLUTION

J. & J. DENHOLM LIMITED

J. & J. Denholm Limited is the holding company for the Denholm Group, a group of companies owned by the Denholm family that operates businesses in a number of diverse markets in order to provide a diversification of opportunity and risk for its shareholders. The Group started out as a Ship Agency business but over the years has moved into new areas including Shipping, Logistics, Seafoods and Oilfield Services.



WHAT WAS THE CHALLENGE?

The client sponsors a defined benefit pension scheme and has supported the trustees in actively de-risking this over several years through a series of bulk annuity transactions. The trustees wished to insure a further tranche of around £8m of pensioner liabilities resulting from new retirements since the previous transaction and appointed JLT to advise them on this.

JLT conducted a buy-in feasibility study for the trustees in mid-April 2013, which showed that their price target set for a further transaction looked to be achievable. The challenge was to quickly transact a bulk annuity purchase for pensioner members to capture this opportunity. Also, to secure competitive terms for what was, in the insurers' eyes, a fairly insignificant transaction.

KEY FEATURES

Aviva

the successful insurer

6 weeks

from approaching market
to transacting

£8m

pensioner bulk purchase
annuity secured

3

insurers quoted

ABOUT US

JLT Employee Benefits is one of the UK's leading employee benefit providers offering a wide range of benefit and pension services, including administration, actuarial and pension consultancy, investment, Self Invested Personal Pensions (SIPPs) and Small Self Administered Schemes (SSASs) administration, flexible benefits, healthcare, benefit communication and financial education.

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THE JLT SOLUTION

We used our [Buy-inSure](#) solution, which we had specifically designed to provide a robust pensioner buy-in solution for schemes wishing to secure between £5m-£60m of pensioner liabilities on a fixed fee basis. This allowed us to run a competitive tender process involving three insurers within the client's desired timeframe and budget.

WHAT WAS THE OUTCOME?

The client benefited from:

- Enhanced transactional timescales - the client transacted within just 6 weeks of going to market for quotes, allowing the market opportunity to be captured.
- Pre-negotiated contractual terms typically only available on much larger (£100m+) transactions.
- Fixed fee legal advice by Pinsent Mason.
- Competitive tension created by a tightly run broking process involving three leading insurers.

WHAT THE CLIENT SAID



*"JLT Employee Benefits organised a competitive tender using **Buy-inSure**, resulting in a transaction completing in under six weeks at a good price. With the support of the employer, the trustees have a history of insuring benefits for our pensioners. As such, we believe this transaction to be a very positive step for the scheme and its members."*

Alistair Wesley, Group Pensions Manager, J. & J. Denholm Limited