



Partnership Assurance: a better deal in retirement

BVCA accolade

Cinven website wins BVCA accolade

Cinven's recently re-launched website (www.cinven.com) has won recognition from the BVCA, the U.K.'s private equity industry association. The new Cinven website "sets a new standard in bringing increased openness and transparency to its communications with external stakeholders," said the BVCA in the October edition of its monthly newsletter.

Cinven acquires leading U.K. retirement solutions provider with a unique business model

Cinven's acquisition of leading U.K. retirement solutions provider Partnership Assurance marks the firm's return to investment in the financial services sector at an attractive point in the cycle.

Partnership Assurance, the U.K.'s leading provider of annuities aimed at people with health conditions, is well positioned to benefit from the rapid growth that is expected in the U.K. annuities market over the next decade.

Cinven acquired the business for £148 million (€200 million) in a substantially equity funded transaction that closed on 5 August 2008. In addition, Cinven has committed to invest a further £10 million (€13 million) to accelerate the development and expansion of the business and its portfolio of products.

Partnership Assurance's product-range includes 'impaired and enhanced' annuities, long-term care insurance and life cover. It is the clear leader in the market for impaired and enhanced annuities, which are risk-based products that offer higher annual incomes than standard annuities to retirees with health conditions. As a result, those who exercise their right to an 'Open Market Option' – recent pension legislation promoting the awareness of more attractive rates – are increasingly opting for specialised annuities instead of the 'standard' product offered by mainstream life assurers.

'This exciting acquisition arose out of our sector team's close analysis of the financial services market over the last two years,' said Caspar Berendsen, a Partner at Cinven. 'We have been monitoring a number of attractive market niches in the financial services sector and will be actively pursuing further opportunities on behalf of our investors.'

Annuities market set for rapid growth

The £12 billion U.K. annuity market is expected to grow at a compound annual rate of 18% over the next 10 years, driven by the continuing migration from Defined Benefit to Defined Contribution pension schemes and demographic trends.

The market for specialised annuities benefited from the 'A Day' legislation of 2006, which made pensions more flexible. The 'Open Market Option' introduced by this legislation allows savers with mainstream life insurers to choose a different provider when buying an annuity. Often as the result of advice given by Independent Financial Advisers, pensioners with health conditions are increasingly choosing this option because of the clear financial benefits offered by impaired and enhanced annuities.

Independent Financial Advisers, industry experts and market commentators expect risk-based specialised annuities to take an increasing share of the growing annuities market. Currently, impaired and enhanced annuities account for around 10% of the £12 billion U.K. annuities market; it is estimated that within 10 years, some 40% of pension savers could qualify for annuities of this type.

A unique business model

Partnership Assurance's intellectual property places it in a strong position to benefit from these market trends. The company's proprietary database of medical history for a wide range of conditions enables it to price risk accurately. This database is unique within the industry and is extremely difficult for competitors to replicate, and only then in the medium term. Other key assets for the business include its highly experienced management and underwriting teams. The management team are investors in the business alongside Cinven and its Limited Partners.

Cinven's acquisition of PA will enable the business to take full advantage of its strong market position. 'Partnership Assurance is a highly successful business for one very simple reason: it offers pensioners with health conditions a better deal,' said Peter Catterall, a Partner at Cinven. 'We will be investing in the company's staff, brand, product portfolio and distribution channels to take advantage of the significant growth opportunities in the market.'

Cinven Limited

Warwick Court
Paternoster Square
London EC4M 7AG

Tel +44 (0)20 7661 3333
Fax +44 (0)20 7661 3888

Cinven GmbH

Main Tower
Neue Mainzer Strasse 52
60311 Frankfurt am Main

Tel +49 (0)69 90027-0
Fax +49 (0)69 90027-100

Cinven S.r.l.

Via Manzoni, 30
20121 Milano

Tel +39 02 3211 1700
Fax +39 02 3211 1800

Cinven SA

4 square Edouard VII
75009 Paris

Tel +33 (0)1 44 71 44 44
Fax +33 (0)1 44 71 44 99

www.cinven.com