

ARTEX ASSISTS BRITISH AIRWAYS IN PENSION LONGEVITY TRANSACTION

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Artex Risk Solutions has confirmed that it is providing management services for the Guernsey-based insurance vehicle set up by the British Airways' Airways Pensions Scheme (APS) for its recent longevity swap and reinsurance transaction.

It was reported last month that [APS had entered into a £1.6 billion transfer of longevity risk, using a captive insurance cell in Guernsey](#) to intermediate the transaction and to access capacity in the global insurance and reinsurance market provided by the likes of Partner Re and Canafa Life Re.

Establishing the Guernsey insurance company to underwrite longevity risk means APS is able to protect the scheme against costs associated with potential increases in life expectancy. Guernsey's Incorporated Cell Company legislation was utilised to establish the insurer, which provided a cost effective platform for the transaction combined with flexibility for the Scheme in relation to any future requirements.

"APS had previous experience with longevity swaps, but after careful analysis determined that for future transactions the use of an insurer would offer significant cost and control advantages. A considerable amount of time was spent planning for this transaction, and a key element of the project involved the consideration of where to establish the insurer," said Paul Eaton, Business Development Director of Artex.

"Guernsey was identified as the ideal jurisdiction having both modern and well-regarded insurance legislation combined with a mature financial services infrastructure and a well-reputed, business-focussed regulatory regime. The selection of the insurance manager was another key decision, and I am delighted that Artex was able to demonstrate to APS our experience, expertise and operational capability to partner on this project."

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Artex was previously selected by [BT Pension Scheme](#) to establish and manage their Guernsey-based insurer back in 2014.

Commenting on the latest transaction, Merise Wheatley, Director and project leader at Artex for the establishment of the APS insurer, added: “It has been a great experience to work on this transaction, which makes best use of Guernsey's strengths as a captive domicile, and I am delighted that Guernsey continues to lead the way in longevity captive transactions. Myself and the rest of the Artex team are delighted that this has been launched successfully to provide APS with long-term longevity risk protection.”

APS was closed to new members on 31 March 1984. As at 31 March 2015 APS had 27,268 members and dependant pensioners, and net assets of £7.5 bn.

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