Mo.net Financial Modelling Platform
Supporting Bulk Purchase Annuity Growth with Mo.net

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Revision 2

Introduction

The UK Bulk Purchase Annuity (BPA) market has entered a period of sustained growth and strategic importance. Record transaction volumes, improving scheme funding levels, and continued regulatory focus have combined to make BPA a central feature of the UK pensions landscape. For insurers, this growth presents a significant commercial opportunity, but also a set of technical and operational challenges that are materially different from those faced in traditional life insurance pricing.

BPA transactions are data-heavy, time-critical, and highly scrutinised. Pricing must reflect scheme-specific benefit complexity, longevity risk, and asset strategy considerations, often within compressed timeframes and under intense competitive pressure. At the same time, insurers must maintain strong governance, transparency, and confidence in their results, both internally and in communications with trustees.

Mo.net, the award-winning financial modelling platform, is designed to specifically address these challenges. Its integrated capabilities for data transformation, high-performance pricing and modelling, and deep analytical insight make it particularly well suited to the demands of the UK BPA market. This paper explores how these capabilities align with the realities of BPA pricing and how they deliver tangible benefits to both insurers and pension scheme trustees.

The UK Bulk Purchase Annuity Market

The UK BPA market has evolved significantly over the past decade. What was once a niche risk transfer option has become a mainstream strategic objective for many defined benefit schemes. Higher interest rates have improved funding positions, while trustees and sponsors have become increasingly focused on removing long-term balance sheet risk and governance burden.

For insurers, however, this growth has brought greater competition and complexity. Transactions are larger, benefit structures are more intricate, and schemes are increasingly well advised. Pricing precision has become critical. Small differences in assumptions, data interpretation, or modelling efficiency can determine whether a transaction is won or lost.

At the same time, pricing timelines have tightened. Insurers are often required to produce initial prices quickly, refine them iteratively as data improves, and provide clear explanations of movements and sensitivities throughout the process. These demands place significant strain on legacy actuarial systems, many of which were not designed for the scale or agility now required.

The Central Role of Data

Data sits at the heart of every BPA transaction. Scheme member data is typically drawn from multiple administrative systems, reflecting decades of benefit changes, corporate activity, and regulatory evolution. It is rarely clean or consistent on first delivery, and it almost always changes as the pricing process progresses.

Historically, much of the effort involved in BPA pricing has been absorbed by manual data preparation. Spreadsheet-based transformations, bespoke scripts, and one-off adjustments introduce operational risk and make it difficult to respond quickly when updated data is received. They also weaken auditability at precisely the point where governance expectations are highest.

Mo.net approaches data transformation as a core actuarial capability rather than a peripheral technical task. The platform allows insurers to ingest raw scheme data directly and apply transparent, rule-based transformations that are version-controlled and repeatable. Validation checks are embedded within the workflow, enabling data issues to be identified and addressed early, rather than late in the pricing cycle.

This approach allows pricing teams to focus on understanding the scheme rather than wrestling with its data. When revised data arrives, it can be re-processed quickly and consistently, supporting rapid re-pricing without compromising control or confidence.

For insurers, this reduces operational friction and shortens pricing cycles. For trustees, it provides reassurance that pricing outcomes are based on robust and well-understood data, reducing the risk of late-stage price adjustments or surprises.

Legacy Scheme Complexity and Data Challenges

Many UK defined benefit schemes approaching buy-out today have histories stretching back several decades, often encompassing multiple periods of contracting out, legislative change, and benefit redesign. As a result, member records may include a complex mixture of accrued GMPs, protected rights, and scheme-specific benefits, with entitlement rules that vary materially by accrual period. In practice, data relating to these elements is frequently incomplete, inconsistently recorded, or derived from legacy systems that no longer exist. Pricing such schemes requires not only technical actuarial expertise, but also the ability to interpret, transform, and test imperfect data without losing transparency or control.

High-Performance Pricing and Modelling

Once data is prepared, the core challenge becomes one of actuarial modelling at scale. BPA liabilities often involve hundreds of thousands of individual members, each with unique benefit structures, retirement patterns, and contingent features. Accurate pricing requires detailed per-member modelling, but traditional platforms can struggle to deliver this level of granularity within acceptable timeframes.

The actuarial modelling challenges presented by older defined benefit schemes extend well beyond the volume of data. Contracting-out histories and protected rights often introduce layered benefit structures, with different revaluation, indexation, and payment rules applying to different portions of a member's entitlement. Where data is incomplete or ambiguous, insurers must make informed, defensible assumptions and understand the sensitivity of pricing to those judgements. Platforms that lack flexibility or performance often force simplifications at precisely the point where detail matters most.

Mo.net's modelling architecture is designed explicitly for high-performance actuarial projections. It supports large-scale per-policy cashflow generation without forcing simplification of benefit structures or assumptions. Complex features such as guaranteed minimum pensions, escalation rules, spouse benefits, and post-retirement options can be modelled directly and consistently.

Performance matters not just for speed, but for insight. When models run quickly, pricing teams can explore alternatives. Assumptions can be stressed, benefit interpretations tested, and pricing refined iteratively rather than defensively. This is particularly valuable during competitive auction phases, where the ability to respond quickly and confidently can be decisive.

The platform also supports closer alignment between actuarial and investment perspectives. Liability cashflows generated within Mo.net can be used directly to inform asset matching strategies, discount rate selection, and matching adjustment optimisation. This integrated view supports more coherent decision-making across pricing, capital, and risk management functions.

For insurers, the result is improved pricing accuracy, greater agility, and a stronger ability to optimise risk-return trade-offs. For trustees, it delivers pricing that genuinely reflects the complexity and risk profile of their scheme, rather than relying on broad approximations.

From Numbers to Insight

In today's BPA market, producing a price is only the starting point. Insurers must be able to explain that price clearly and credibly, both internally and to trustees and their advisers. Questions around sensitivity, risk margins, and assumption choices are now standard parts of the conversation.

Mo.net embeds analytical capability alongside modelling outputs. This allows pricing teams to move seamlessly from calculation to interpretation, without the need for extensive manual post-processing. Results can be decomposed to show the key drivers of price, and sensitivities can be run efficiently across mortality, expenses, inflation, and discount rates.

Because analysis is built on the same underlying data and models, consistency is maintained throughout the process. This strengthens governance, reduces reconciliation effort, and supports clearer communication with decision-makers.

For insurers, this translates into more effective pricing committees, stronger documentation, and improved regulatory confidence. For trustees, it provides greater transparency and a clearer understanding of how different insurers' proposals reflect scheme-specific risks and assumptions.

Delivering Value to Insurers and Trustees

The true strength of Mo.net lies not in any single feature, but in the way its capabilities combine to support the full BPA pricing lifecycle. Data transformation, modelling, and analysis are tightly integrated, reducing hand-offs, delays, and inconsistencies.

For insurers, this integration supports scalable growth in BPA volumes without a proportional increase in operational complexity. Pricing teams can handle more transactions, respond faster, and maintain strong governance standards, even as deals grow in size and sophistication.

For trustees, the benefits are equally tangible. Robust data handling, detailed modelling, and transparent analysis provide confidence that pricing reflects the true nature of scheme liabilities. This supports better decision-making, smoother transactions, and improved outcomes for members.

Conclusions

The UK Bulk Purchase Annuity market continues to evolve, demanding ever greater speed, precision, and insight from participating insurers. Legacy actuarial systems, designed for a different era, increasingly struggle to meet these demands.

Mo.net's modern financial modelling platform is well aligned with the realities of BPA pricing. Its strengths in data transformation, high-performance modelling, and integrated analysis directly address the challenges faced by insurers and trustees alike.

By enabling faster pricing, deeper insight, and stronger governance, Mo.net supports not just efficient transactions, but better outcomes across the UK BPA market as a whole.

Contact Us

For more information regarding the Mo.net platform and how it can help you with any of your existing or emerging bulk purchase annuity pricing & calculation needs, please get in touch:

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