

Recent developments at Irish Life and Permanent should not affect the security of pension scheme assets with Irish Life Assurance

Irish Life & Permanent Group Holdings plc has today (31 March) received from the Central Bank of Ireland the results of its most recent stress test. The reviews have identified a gross capital requirement of some €4bn for the banking business of IL&P in order to meet the Central Bank's requirements. The Group has undertaken to seek to meet its increased capital requirement through an asset disposal programme which will include, but not be limited to, the sale of its life and pensions and investment management businesses (Irish Life Assurance ('ILA') and Irish Life Investment Managers ('ILIM')) through an IPO. These asset disposals together with liability management exercises are expected to reduce the capital requirement to €2.9bn. Some €0.6bn will be met from IL&P Group resources and contingent debt capital leaving a net capital requirement of €2.3bn. The Group has been advised that as it is of systemic importance to the Irish economy, the Government will support its further capital requirements as necessary.

Pension scheme assets with Irish Life (including member AVCs) are generally held under an insurance policy with Irish Life Assurance plc (ILA) and form part of the "Life Assurance Fund" of ILA. The assets of the "Life Assurance Fund" are by law ring fenced for the benefit of policyholders (which includes pension scheme trustees) and are entirely separate from the other business activities of Irish Life and Permanent Group Holdings Plc (IL&P) including its banking business. The assets of the "Life Assurance Fund" may not be used for any purpose other than life assurance business.

All insurance companies, including ILA, are required to hold assets which exceed the value of liabilities to policyholders. The most recent figures provided to us by ILA as at December 2010 confirm that the assets held exceed liabilities to policyholders by €700m.

Conclusion

In our view these developments are not immediately of concern to investors in Irish Life products in terms of security of assets and we do not believe that immediate action is required to transfer assets from Irish Life. We will continue to monitor the situation closely on behalf of our clients.

If you have any further questions please contact your usual Towers Watson consultant.

Towers Watson is a leading global professional services company that helps organisations improve performance through effective people, risk and financial management. With 14,000 associates around the world, we offer solutions in the areas of employee benefits, talent management, rewards, and risk and capital management.



[Unsubscribe](#) | [Contact us](#) | [Privacy](#)

 [Twitter](#)

 [LinkedIn](#)