

Legal & General expects £10m impact from LDI pension fallout

Insurance giant Legal & General said it faces a £10 million hit to pension revenues and profits amid a sell-off in the face of chaos in the UK pensions market.

The company said its revenues in its pensions arm decreased after it had to sell higher fee products in order “to meet collateral requests”.

It came after liability-driven investment (LDI) strategies in the pension market were shaken dramatically in the aftermath of the September mini-budget by Liz Truss’s former Government.

We welcome the inclusion of these reforms as part of the Government’s reform programme to financial services regulation, through the Financial Services and Markets Bill process, which we anticipate will be during the first half of 2023

L&G, which is one of the biggest LDI investment managers in Britain, said overall profit targets for the year remain unchanged despite the impact.

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It said its has benefited from a recent strong performance by its pension risk transfer division.

The company also welcomed the Chancellor's plans to reform [Solvency II](#), referring to the multi-trillion pound insurance sector, which will ease capital rules for the industry.

L&G said in a statement: "We believe the proposals, as outlined in the corresponding policy document, represent positive progress and will allow us greater flexibility to make appropriate investments, including ones which: develop new infrastructure, contribute to the UK Government's levelling-up agenda, and support positive climate outcomes.

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The firm told shareholders it expects its percentage of UK-based assets backing its UK annuity portfolio to increase once reforms are implemented.

Shares in the insurer were 2.6% higher at 260.3p in early trading on Friday.