



A new reality for the tender of company pension schemes

Companies will need more offers when they put their pension schemes out to tender in a changing pension market.

By Kristine Seest

Are the prices increasing? Is the insurance coverage getting better? Which suppliers would you recommend? Since the Danish Financial Supervisory Authority's regulation on the pension companies' pricing of health and accident insurance – the SUL regulation – came into effect on 1 January 2022, WTW

has seen an increasing interest from clients who want to know how they can separate their insurance products from their pension savings – also known as 'unbundling'.

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Lars Christensen | Co-CEO & Head of HWC

»When changes rupture the competition in the pension market, it is only natural that we get inquiries from our clients, because they are interested in getting the best possible deals for their companies. Since the SUL regulation came into effect, clients have been seeking advice on the implications of separating insurance and pension – and which suppliers to invite for a tender,« says co-CEO and Head of Health, Wealth & Career Lars Christensen of WTW.

The Danish Financial Supervisory Authority has introduced the regulation to ensure financial balance in the pension companies' lines of business for insurance and pension.

New entrants and new products

Companies have been used to pension schemes covering pension as well as insurance, and according to Lars Christensen, they will probably not notice the changes brought on by the regulation before their pension schemes are put out to tender. Therefore, the future market for company pension schemes may look significantly different than today.

»The future market will probably be made up of more players, and it may be larger as well as smaller Danish and foreign players. At the same time, it is very likely that the larger pension companies will develop new products to take up the competition. So the future will be anything but boring,« says Christensen.

WTW is starting to see price changes in the market and expects that these changes are only the beginning and that there will be more significant price changes ahead.

»As it stands, it is my belief that the competition will make the price of asset management find a new and lower level. The pension companies can run their businesses as they see fit, but now they are required to create financial balance in their health and accident insurance business, and our focus is therefore on whether they provide discounts on asset management – and they are now beginning to do exactly that,« says Lars Christensen.

Increased focus on unbundling

A survey of Danish companies' knowledge of and attitudes towards insurance as a product separate from pension shows that 59 percent of companies in selected industries are interested in separating insurance and pension.

»59 percent is probably a bit high, but we do see an increasing interest and attention from our clients. The administration of the agreements is a key element that is holding companies back. For the time being, the company's own payroll officer has to take care of the practicalities of dividing the money between different companies manually, and this is a barrier for some,« says Christensen.

WTW offers impartial advice on pension schemes and closely follows developments in the pension market to ensure that the market is transparent to clients.

The survey

228 companies participated in the survey of Danish companies' knowledge and attitudes towards insurance as a separate product. The survey was conducted by Voxmeter for the life insurance company Euro Accident Denmark. [Find out more about the study](#)

The SUL regulation

The SUL regulation came into effect on 1 January 2022. The Danish Financial Supervisory Authority has introduced the SUL regulation to ensure that the pension companies' lines of business of insurance and savings are in financial balance going forward.

Unbundling

Unbundling in the pension market refers to a split of the traditional pension scheme into a savings part and an insurance part.