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Whitepaper

The State of Annuities Pricing

Why Legacy Approaches Are No Longer Enough

The annuities market is evolving rapidly, placing new demands on pricing speed, transparency, and control. Traditional pricing approaches are increasingly unable to keep pace with a more volatile and regulated environment. Yet a new standard for annuities pricing is emerging, built around speed, insight, and enterprise-grade governance.

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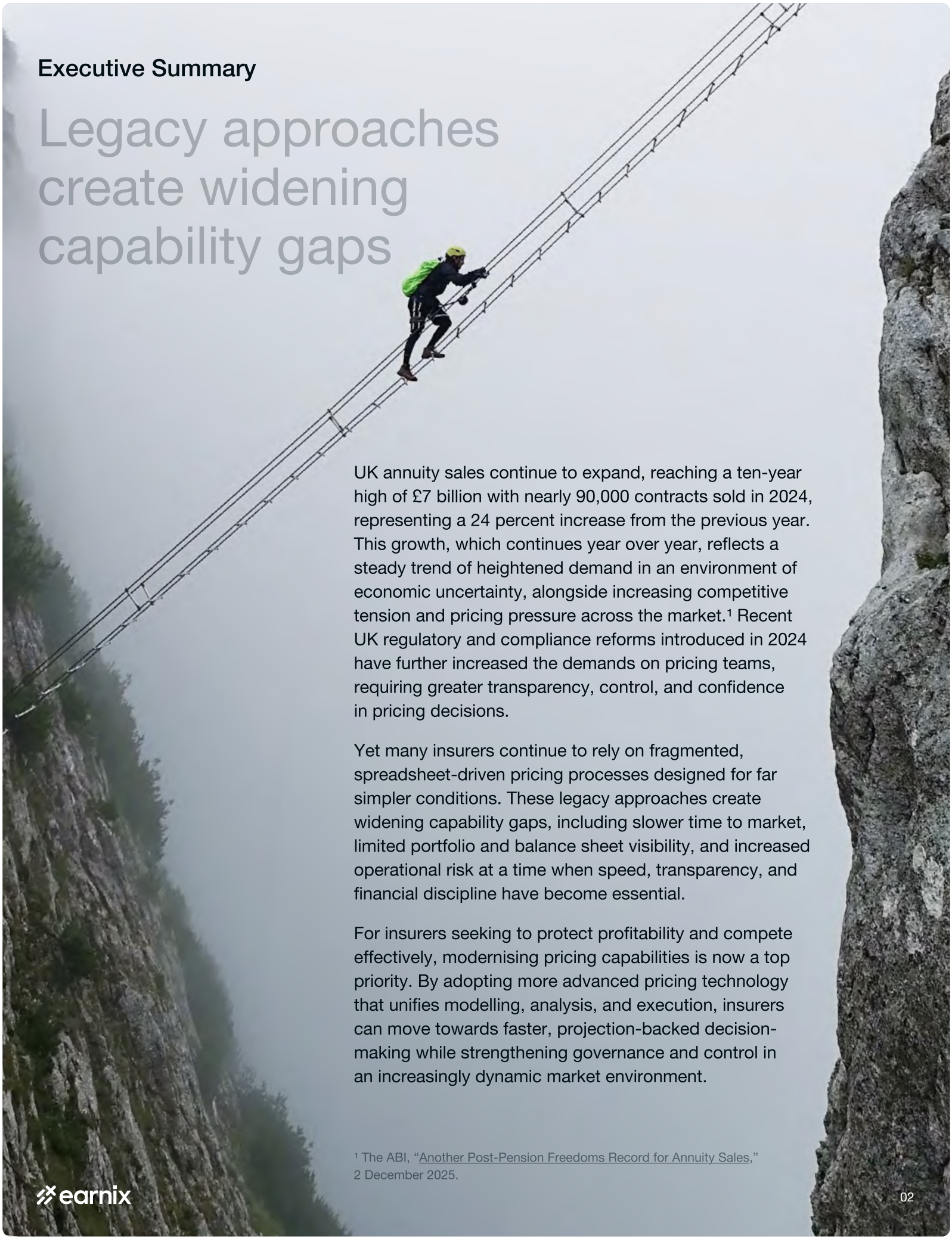
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Legacy approaches create widening capability gaps



UK annuity sales continue to expand, reaching a ten-year high of £7 billion with nearly 90,000 contracts sold in 2024, representing a 24 percent increase from the previous year. This growth, which continues year over year, reflects a steady trend of heightened demand in an environment of economic uncertainty, alongside increasing competitive tension and pricing pressure across the market.[1] Recent UK regulatory and compliance reforms introduced in 2024 have further increased the demands on pricing teams, requiring greater transparency, control, and confidence in pricing decisions.

Yet many insurers continue to rely on fragmented, spreadsheet-driven pricing processes designed for far simpler conditions. These legacy approaches create widening capability gaps, including slower time to market, limited portfolio and balance sheet visibility, and increased operational risk at a time when speed, transparency, and financial discipline have become essential.

For insurers seeking to protect profitability and compete effectively, modernising pricing capabilities is now a top priority. By adopting more advanced pricing technology that unifies modelling, analysis, and execution, insurers can move towards faster, projection-backed decision-making while strengthening governance and control in an increasingly dynamic market environment.

[1] The ABI, "Another Post-Pension Freedoms Record for Annuity Sales," 2 December 2025.

The Annuities Market is Changing Faster Than Traditional Pricing Can Keep Up

The annuities market is undergoing a period of sustained change, driven by economic volatility, evolving regulatory expectations, and growing product complexity.

Fluctuating interest rates have reshaped profitability assumptions, while increased scrutiny on capital adequacy and risk management has placed pricing decisions under closer examination. At the same time, the emergence of digital marketplaces has begun to put pressure on annuity sales, mirroring the earlier impact such platforms had on P&C insurance, prompting insurers to expand their annuity portfolios with more customised and hybrid product designs in an attempt to remain competitive in a crowded market.

This pressure is particularly evident in the UK bulk annuity market, which saw record transaction volumes, with an unprecedented 293 transactions totalling £47.6 billion in 2024.[2] Each new transaction must be analysed, priced, and approved under tight time constraints, placing significant strain on traditional pricing processes.

These shifts have elevated pricing from a technical exercise to a strategic discipline. Pricing teams are no longer tasked solely with setting rates. They are expected to understand how each pricing decision affects long-term cash flows, balance sheet performance, and capital requirements across the portfolio. This requires faster insight, greater transparency, and the ability to evaluate multiple scenarios before committing to market.

However, the pace of change in the annuities market now exceeds the capabilities of many existing pricing environments. Legacy tools and spreadsheet-driven processes struggle to adapt to frequent economic shifts or to support rapid product and rate updates. As a result, insurers face longer time-to-market, limited visibility into portfolio-level outcomes, and increased operational risk at a time when precision and agility are essential.

As market conditions continue to evolve, the gap between the demands placed on annuities pricing teams and the tools available to support them is widening. Closing this gap is becoming critical for insurers seeking to protect profitability, manage risk effectively, and compete with confidence in an increasingly dynamic environment.

[2] AON, "2024 UK Risk Settlement Market Update," 1 April 2025.

Why Traditional Pricing Processes Are Struggling

Despite the growing strategic importance of annuities pricing, many insurers continue to rely on processes and tools designed for a far simpler operating environment. What once worked for stable markets and product variation now introduces excessive friction, risk, and delay.

Pricing teams are aware of these limitations. A recent study found that 83% of insurance executives are concerned that their systems are relying on incomplete or inaccurate data, and two-thirds say poor data quality slows decision-making, highlighting persistent technology and integration gaps.[3] But for those who do have the strategy and technology in place to succeed, the cost benefit is significant. In fact, ~75% of insurers embracing transformation expect to reduce overall costs by ≥10% by 2030.[4]

Old ways

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2/3

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New strategies

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[3] Earnix, "The Earnix 2026 Industry Trends Report." 18 February, 2026.

[4] KPMG, "Insurance Transformation: The New Agenda," July 2025.

✕ Fragmented Tools and Spreadsheet-Driven Workflows

Annuities pricing remains heavily dependent on spreadsheets and disconnected legacy systems that have accumulated over time. While these tools offer familiarity, they lack the scalability and resilience required to support complex product structures and frequent change. Manual data handling and model updates increase the risk of error and make it difficult to maintain consistency across systems and teams.

As portfolios grow and pricing scenarios multiply, fragmented workflows become a significant operational bottleneck. Teams spend more time managing files and reconciling assumptions than analysing outcomes. This limits the ability to iterate quickly and undermines confidence in the results that inform critical pricing decisions.

✕ Limited Portfolio and Balance Sheet Visibility

Traditional pricing processes often evaluate products in isolation, with limited insight into how individual pricing decisions affect the broader portfolio or balance sheet. Cash-flow projections, capital impact, and profitability are frequently assessed through separate tools, making it difficult to form a cohesive view of financial outcomes.

Without integrated, forward-looking visibility, insurers struggle to understand trade-offs between growth, risk, and return. Pricing decisions may appear sound at a product level while introducing unintended consequences at an enterprise level, particularly in volatile economic conditions.

✕ Slow Time to Market in a Volatile Market

Market conditions can shift rapidly, yet many pricing teams require weeks or even months to implement product changes or rate updates. Consider that each bulk annuity transaction needs to be priced – in many cases by multiple insurers – with the pressure to finish in a six-to-ten-week window.[4]

The vast majority (94%) of actuaries agree that efficiency is the main driver for their modernisation initiatives,[5] yet manual processes and complex approval cycles continue to slow execution and reduce responsiveness.

This lack of agility exposes insurers to too much competitive and financial risk. In fast-moving environments, the inability to respond quickly can result in missed opportunities, margin erosion, or misalignment with capital objectives.

[4] FINRA, Variable Annuities.

[5] PWC, "Global Actuarial Modernization Survey," 2025.

Governance and Compliance Gaps

As pricing workflows become more complex, maintaining strong governance becomes increasingly challenging. For example, UK solvency reforms required new compliance strategies to achieve and maintain compliance by the end of 2024.[6] Additionally, the reforms include new attestation rules that require insurers to demonstrate that their reported Matching Adjustment (MA) benefit is appropriate, making this assessment a mandatory part of year-end reporting.[7]

Spreadsheets and legacy tools offer limited support for version control, audit trails, and consistent assumption management. This makes it difficult to demonstrate compliance and increases reliance on informal controls.

Without embedded governance, insurers face heightened operational risk and greater effort to satisfy internal and external oversight, diverting focus away from strategic pricing optimisation.

These challenges make it clear that traditional annuities pricing processes are no longer fit for purpose in today's environment. Insurers need pricing capabilities that can operate at portfolio scale, adapt quickly to change, and embed transparency and control into every decision. This shift is driving a new set of expectations for what modern annuities pricing must deliver.

[6] CliffordChance, "Countdown to Solvency UK – Solvency UK and the Matching Adjustment: A Closer Look," 28 November 2024.

[7] Grant Thornton, "Solvency UK: PRA Shares Final Matching Adjustment Rules," 7 August 2024.



What Modern Annuities Pricing Requires

As annuities pricing becomes more central to financial performance and risk management, insurers are reassessing the capabilities their pricing environments must provide. Incremental improvements to existing tools are no longer sufficient. Modern pricing requires an integrated set of capabilities that support faster decision making, stronger financial alignment, and greater confidence across the organisation.

✓ **Seamless Integration Without Loss of Flexibility or Consistency**

Modern annuities pricing must integrate seamlessly with actuarial, finance, risk, and policy systems while preserving both flexibility and consistency. Pricing environments should enable shared data, assumptions, and models across teams, without constraining innovation or slowing change. When integration forces rigid standardisation or fragmented workarounds, agility is lost. A modern approach eliminates this trade-off by providing a unified pricing foundation that ensures enterprise-wide consistency while allowing rapid iteration at the product level.

✓ **Projection-Backed Decision Making**

Effective annuities pricing depends on the ability to look beyond point-in-time results and understand long-term financial outcomes. Forward-looking cash-flow projections enable pricing teams to assess how design choices and rate changes will perform over the life of a product. This perspective supports more informed trade-offs between growth, profitability, and capital efficiency.

Projection-backed decisions also improve alignment between actuarial, finance, and risk teams. When pricing is grounded in shared financial projections, stakeholders can evaluate scenarios using a common view of impact, reducing uncertainty and rework during approval cycles.

✓ **Real-Time Simulation and Analytics**

Modern pricing environments must support rapid scenario testing as market conditions evolve. Real-time simulation allows teams to explore multiple pricing options, assess sensitivity to economic variables, and understand potential outcomes before changes are deployed. This capability is essential in volatile interest rate environments where timing can materially affect results.

Advanced analytics further enhance this process by highlighting patterns, risks, and opportunities that may not be immediately visible through manual analysis. Together, simulation and analytics enable faster, more confident pricing decisions.

Scalable Modelling Across Products and Portfolios

Annuities pricing can no longer be managed product by product in isolation. Insurers need modelling capabilities that scale across diverse annuity types and integrate with life and retirement portfolios. A unified modelling approach supports consistency while allowing flexibility to accommodate product-specific characteristics.

Portfolio-level insight also enables insurers to evaluate how individual pricing decisions interact across the broader book of business. This perspective is critical for managing aggregate risk and optimising overall performance.

Enterprise-Grade Governance

Strong governance must be embedded within modern pricing environments rather than applied after the fact. Version control, auditability, and consistent assumption management help ensure that pricing decisions are transparent and repeatable. These controls reduce operational risk while supporting regulatory and internal oversight requirements.

By combining governance with automation, insurers can maintain discipline without slowing innovation. Pricing teams are free to move faster while preserving confidence in the integrity of their processes and outcomes.

These capabilities represent a fundamental shift in how annuities pricing must operate in today's market. Insurers need pricing environments that can deliver speed and insight without sacrificing governance or financial discipline. This sets the stage for a new, more integrated approach to annuities pricing.

A Unified Approach to Pricing at Scale

Meeting the demands of today's annuities market requires more than incremental improvements to existing pricing tools. Insurers are increasingly recognising the need to evolve their pricing operating model, bringing together long-term cash-flow modelling, scenario analysis, and execution within a single, integrated environment. This shift enables pricing teams to move from fragmented, manual workflows towards a more coherent and forward-looking approach to decision making.

By unifying pricing capabilities, insurers can evaluate the financial impact of decisions in real time, at both product and portfolio level, while maintaining strong governance and control. Pricing becomes faster, more transparent, and more closely aligned with balance sheet outcomes. This integrated model provides the foundation for a new generation of pricing technology designed to support projection-backed decisions at enterprise scale.



The Strategic Impact

Modernising annuities pricing is not simply a technology upgrade. It delivers tangible strategic benefits that influence how insurers manage long-term risk, allocate capital, and compete in complex, interest-rate-sensitive markets. When pricing capabilities are unified and projection-driven, organisations are better positioned to act decisively under uncertainty.

Faster Time to Market with Greater Confidence

Unified pricing environments significantly reduce the time required to design, test, and deploy new products or rate changes. Automation and integrated workflows replace manual handoffs, allowing pricing teams to move from analysis to execution in hours rather than weeks. Importantly, speed is achieved without compromising rigour, as decisions remain grounded in forward-looking financial insight.

This ability to act quickly is critical in volatile markets, where delayed responses can erode margins or create unintended risk exposure.

Stronger Financial Alignment and Capital Efficiency

When pricing decisions are directly linked to cash-flow projections and portfolio outcomes, insurers gain clearer visibility into financial trade-offs. Teams can assess how pricing changes influence profitability, capital consumption, and balance sheet performance before committing to market.

This alignment supports more disciplined growth. Pricing becomes a mechanism for optimising capital efficiency rather than simply responding to competitive pressure.

Improved Governance and Reduced Operational Risk

Embedded governance transforms pricing from a collection of informal practices into a controlled, repeatable process. Standardised assumptions, version control, and auditability reduce reliance on manual checks and individual expertise.

As regulatory expectations continue to increase, this level of transparency and control helps insurers demonstrate compliance while lowering operational risk.

Greater Organisational Agility

Perhaps most importantly, modern annuities pricing enables organisations to operate with greater agility. Pricing teams can explore scenarios, adapt to market changes, and support strategic decisions with confidence. This flexibility allows insurers to navigate uncertainty while maintaining focus on long-term value creation.

Achieving these outcomes consistently requires pricing capabilities designed to operate at enterprise scale, with technology that supports long-term analysis, rapid execution, and embedded governance.



Delivering the Future of Annuities Pricing with Earnix Price-It for Annuities

Shifting modern annuities pricing from concept into reality requires technology designed specifically for long-term, capital-intensive products.

Earnix Price-It for Annuities provides an integrated platform that brings together cash-flow modelling, scenario analysis, and governed deployment within a single environment. This allows insurers to operationalise projection-backed pricing decisions at portfolio scale, rather than relying on disconnected tools and manual processes.

Earnix enables pricing teams to forecast lifetime cash flows, assess profitability and capital impact, and test alternative pricing strategies in real time. Scenario analysis and simulation capabilities support faster, more confident decision making, while high-performance computation makes it practical to evaluate complex annuity products across long projection horizons. Pricing, finance, and risk teams can work from a shared view of outcomes, improving alignment and reducing rework.

Governance is embedded throughout the pricing lifecycle, with version control, audit trails, and controlled deployment supporting consistency and regulatory compliance. By unifying modelling, analytics, and execution, Earnix Price-It helps life and retirement insurers move faster without sacrificing transparency or control.

The result is a practical path to modernising annuities pricing that supports profitability, capital efficiency, and long-term resilience.

Operationalising Modern Annuities Pricing with Earnix

Operationalising modern annuities pricing extends beyond analytics and modelling to the practical challenge of integrating pricing with existing policy administration and downstream systems. For many annuity providers, this integration represents a meaningful initial investment and a source of uncertainty. In response, Earnix has focused on developing a structured and flexible implementation approach, informed by early deployments and close collaboration with insurers. This connects with open APIs, adaptable integration patterns, and ongoing work to expand partnerships across the annuities technology ecosystem to support PAS connectivity and long-term scalability. Together, these efforts are helping insurers move from pricing insight to production execution in a controlled, incremental way.

By shortening the path from pricing insight to production deployment, Earnix helps insurers realise measurable return on investment from their pricing capabilities. Automation and governed execution reduce manual rework, control overhead, and time spent reconciling assumptions across teams, lowering operational cost. At the same time, faster deployment enables insurers to respond to market opportunities with greater precision, helping preserve pricing margin in highly competitive transactions where even small basis-point differences can materially affect outcomes. Together, these effects allow pricing improvements to translate more directly into booked revenue, improved margin performance, and faster payback from pricing modernisation initiatives, among other key benefits.

- **Faster time to market:** Design, test, and deploy annuity pricing strategies in hours rather than weeks through automation and integrated workflows.
- **Clear ROI from pricing modernisation:** Faster deployment and reduced manual rework turn better pricing decisions into realised margin and revenue more quickly.
- **Projection-backed decision making:** Evaluate lifetime cash flows, profitability, and capital impact before committing pricing changes to market.
- **Portfolio-scale insight:** Analyse pricing outcomes across products and portfolios to better manage risk and balance sheet performance.
- **Stronger governance and compliance:** Maintain auditability, version control, and controlled deployment aligned with regulatory expectations.
- **Greater organisational agility:** Respond quickly to market and economic change with real-time simulation and scenario analysis.

Looking Ahead

Annuities pricing is entering a new phase shaped by volatility, regulatory scrutiny, and growing product complexity. As pricing decisions increasingly influence profitability, capital, and risk, insurers can no longer rely on fragmented tools and manual processes built for a different era. The ability to evaluate long-term outcomes, act quickly, and maintain confidence in pricing decisions has become essential.

By adopting a more unified, technology-enabled approach to pricing, insurers can strengthen governance, improve financial alignment, and respond more effectively to change. Modern pricing capabilities provide the foundation for sustainable performance and resilience in an increasingly demanding market environment.



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Next Steps

Learn how Earnix Price-It helps insurers deliver faster, more transparent annuities pricing at earnix.com today.