

## PRESS RELEASE

### **BAIN CAPITAL'S LONG-TERM COMMITMENT TO LV= AND ITS MEMBERS**

London, 15 November 2021 – Bain Capital is committed to the long-term growth and success of LV= and will invest significantly in the business with the following key objectives:

- Increase policyholders from 1.2 million to over 2 million
- Reclaim its position as a top 3 provider of life insurance products
- Double smooth managed fund product sales and extend the footprint of its equity release mortgage product

LV= members will receive significant financial benefits from our investment, while simultaneously being safeguarded from substantial future liabilities. From a member perspective, the following are some of the key benefits of our proposed transaction:

- £212 million of increased payouts to approximately 1.1 million eligible LV= members
- £264 million to fund the liabilities of two With-profits Fund staff defined benefit pension schemes<sup>1</sup>, securing the pensions of 10,520 UK pensioners
- No new debt will be added as part of the transaction and, consistent with LV='s intention following the sale of the GI business, LV= will reduce its debt at the first available call date
- £160 million investment in IT modernisation, business operational improvements, product development and customer service funded from operating cashflows as part of Bain Capital's go-forward plan

Matt Popoli, a Managing Director of Bain Capital, emphasised: "Our proposed investment maintains an independent LV=, and is predicated on LV='s inherent significance, its heritage and brand. To be sustainable and achieve long-term success, LV= needs capital to address its heavy debt pile, fund its pension liabilities and invest for growth. With-profits members should not bear the burden of this investment. As a result of the transaction, LV= will be strengthened with access to more capital and structured with less debt."

Bain Capital plans to reinvest vital capital in the business. This substantial investment will enhance LV='s IT infrastructure, operations, product development and customer service. This will ultimately lead to better products and greater choice for LV= policyholders as well as improve upon the company's competitive position in the market.

Additionally, to ensure the long-term financial stability of LV=, no new debt will be added to LV='s balance sheet from this transaction. The transaction will also provide funding of £264 million<sup>1</sup> to support and de-risk the two staff defined benefit pension schemes. The funding for these liabilities will safeguard With-profits members from a dramatic reduction in their future distributions.

Bain Capital has further committed to maintain a presence at LV='s three existing sites, invest in the communities LV= supports and preserve LV='s 178-year-old mission, vision and values to serve policyholders and provide them with affordable and valuable insurance products. The firm has a long track record of growing businesses across the UK and operates as a true partner and collaborator with management teams and all stakeholders.

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<sup>1</sup> £96 million relates to funding of the pension scheme accounting surplus under Solvency II.

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**Notes to editors**

Under the proposal LV='s With-profits business will be ring-fenced in a separate fund and closed to new business. There will be £111m in one-off member payments, with every eligible LV= member receiving a payment of £100, should the proposals go ahead in full. Future With-profit policy payouts will be increased by £101m for members holding eligible LV= With-profits policies.

With-profits members' long-term interests will continue to be protected by an experienced With-profits Committee.

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