

16 October 2014

Partnership Assurance Group plc ('Partnership')

Interim Management Statement and Trading Update

Partnership today announces its sales for the three months ended 30 September 2014

Commenting on Q3 sales and current trading, Steve Groves, Chief Executive Officer, said:

“We have taken the decision to update the market on our Q3 sales numbers on an accelerated basis given ongoing disruption to Partnership’s business in Q3, the wide range of market estimates and the difficulty an uncertain environment causes for the market in accurately forecasting sales.

We continue to see widespread disruption in our core individual annuity market as a result of the Budget, resulting in individual retirement annuity sales of £69 million in Q3, out of total sales of £89 million for the quarter. As indicated at the time of the interim results, it was considered likely that a further slowdown in sales would take place as we got closer to the new regime being implemented in April 2015, principally as the cost of deferring a decision becomes less onerous for customers.

In line with previous guidance and Q3 performance, quotes remain below 50% of pre-Budget levels and conversion rates also remain below pre-budget averages, reflecting the continuing disruption to advice across distribution networks and the deferral of decision making by customers. At this stage there is no obvious catalyst to change this behaviour prior to the new regulations being implemented and it is possible that deferrals could increase further as we approach April 2015.

Our focus on diversifying our business model and positioning it for the new retirement market is undiminished; our pipeline of Defined Benefit transactions continues to grow but remains lumpy as Q3 has demonstrated, sales of Care and Protection products are unaffected, and, although the timing of any international expansion remains uncertain, our discussions with potential partners to deploy Partnership’s unique Intellectual Property in the United States are progressing well.

I expect market disruption and uncertainty to prevail in the short term, but I remain confident that by leveraging our core competences, we will achieve our long term goal of delivering a diversified, growth business over time.”

New business sales by quarter⁽²⁾ (£m)

3 months to:	30-Sep-14	30-Jun-14	31-Mar-14	31-Dec-13	30-Sep-13
Retirement					
Individual annuities ⁽¹⁾	69	135	200	226	260
DB bulk annuities	-	3	34	49	23
Total retirement	69	138	234	275	283
Care	20	16	20	21	17
Protection	1	1	1	1	1
Total new business	89	155	254	297	300

- The pipeline of Defined Benefit transactions continues to grow, although sales remain lumpy and completion of deals remains difficult to predict. As guided previously, we continue to expect the completion of potential deals currently in the pipeline to take place in Q4 2014 and Q1 2015
- There have been no material changes to the Group's financial position during the third quarter

Notes:

- (1) New business sales are Single Premium Equivalent sales completed in the period. These are recorded when funds have been received from the policyholder
- (2) Subject to rounding

Enquiries

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Further information

A copy of this announcement is available on Partnership's website www.partnership-group.com

A conference call for analysts and investors will take place at 9.30am (UK time) today.

The dial in number is +44 (0) 20 3059 8125
 Please quote "Partnership" to access the call.

A replay will be made available on the website.

The financial information contained in this announcement has not been audited or reviewed by the Group's auditors.

Investor day

Partnership will be holding an investor day for investors and analysts on 26 November 2014 to provide an update on strategy and the business.

Further details will be provided in due course.

Financial calendar

26 November 2014	Investor day
3 March 2015	2014 preliminary results

Forward looking statements

This announcement in relation to Partnership Assurance Group plc and its subsidiaries (the 'Group') contains, and we may make other statements (verbal or otherwise) containing, forward-looking statements about the Group's current plans, goals and expectations relating to future financial conditions, performance, results, strategy and/or objectives.

Statements containing the words: 'believes', 'intends', 'expects', 'plans', 'seeks', 'targets', 'continues' and 'anticipates' or other words of similar meaning are forward-looking (although their absence does not mean that a statement is not forward-looking). Forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the Group's control. For example, certain insurance risk disclosures are dependent on the Group's choices about assumptions and models, which by their nature are estimates. As such, actual future gains and losses could differ materially from those that we have estimated.

Other factors which could cause actual results to differ materially from those estimated by forward-looking statements include but are not limited to: domestic and global economic and business conditions; asset prices; market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of governmental and/or regulatory authorities, including, for example, new government initiatives related to the provision of retirement benefits or the costs of social care and the effect of the European Union's "Solvency II" requirements on the Group's capital maintenance requirements; the impact of inflation and deflation; market competition; changes in assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, gender pricing and lapse rates); risks associated with arrangements with third parties, including joint ventures and distribution partners; inability of reinsurers to meet obligations or unavailability of reinsurance coverage; the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which the Group operates.

As a result, the Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set out in the forward-looking statements within this announcement. The Group undertakes no obligation to update any of the forward-looking statements contained within this announcement or any other forward-looking statements it may make. Nothing in this announcement should be construed as a profit forecast.