

Chris Knight, CEO of LGR, Retail

Full Year Results 2017 review

transcript

In L&G Retail Retirement we have over 550,000 customers. We're adding 3,000 customers every month and we manage £20bn of assets.

So, L&G retail retirement is a new division formed by businesses that were already in the group and our job is to help customers have a great life in retirement. We do that through two ways, firstly through retirement income solutions like lifetime annuities and fixed terms annuities, and secondly through retirement lending solutions like lifetime mortgages.

My name is Chris Knight and I'm the CEO of LGRR. I've been with Legal & General now for 9 years and I'm really pleased to say that LGRR had a great year in 2017.

On the individual annuities side of things, our premiums grew 78% to £671m and our market share really grew strongly. On the lifetime mortgages we also grew 62% to a total lending of £1bn and £4m – the first mortgage lender to pass the £1Bn mark and we own a 33% market share.

If you think that we had a standing start in 2015 that's a fantastic performance from the team in Solihull.

Sticking to our values

So this is the first year that the group is reporting LGRR profits separately and therefore we can see a lot more interest in us going forward.

More than just the results themselves, I'm really proud about how we have gone about achieving those results during the year. We've stuck really close to our values, trying to focus on doing great things for customers as well as making a positive impact on society, the economy and the wider world.

Passionate about going the extra mile

In individual annuities we are really leading the charge to champion the need for guaranteed retirement income in the pension freedoms world. In the lifetime mortgage side of things, our entry in to the market has had a huge impact in a positive way. We've brought down prices for customers and really improved value for money.

We have gone way beyond the regulatory minimum in terms of compliance standards, conduct standards, distribution and oversight and we have really enhanced digital the technology to radically improve how we do business across lifetime mortgage market, making much easier for customers to access our products. Part of dealing with retiree's inevitably means you have older customers and some people when they get older are a bit vulnerable. Our people are passionate about making sure we go the extra mile to really care for our vulnerable customers. For example in Cardiff over 80% of our training focuses partly or wholly on how we do that, and how we really make that part of our business a key differentiator going forward.

Ever-Growing Market

So we've taken a decision to really focus LGRR as a separate business within the group, and show our results separately because we're really signaling to the world that this is a really important thing for us and these customers and this market is going to be an ever important growing part of Legal & General. You know there are 700,000 people coming into retirement every year, and that number is going to grow more and more as we go further into the century. With the demise of defined benefit schemes there's a big and growing retirement income gap which we really ideally placed to help fill for people.

On the housing side there is there's £1.5tn of housing equity owned by the over 60's and the current lifetime mortgage market at £3bn is good, but it's a drop in the ocean and it's our mission to make that 5 or 10 times the size. With our products, our pricing and our service standards - our customer focus, our brand and our market share will take care of itself.

Working together for older members of society

We're going to continue to work with colleagues in LGR Institutional, LG capital, LGIM, workplace and insurance to make sure as a group we really do a great job of satisfying the needs of older people in society.

