Nigel Wilson, our group chief executive officer, talks about how the company has managed to deliver success and remain resilient in such a tough environment. He discusses the need to change attitudes on investing in UK businesses, rebuilding our infrastructure and making lives better through reforming welfare and pensions.


Nigel Wilson, on site in our Bracknell urban regeneration development, where we're rebuilding Bracknell town centre, constructing 1,000 new homes.

Q Nigel, should your shareholders be pleased with what you've achieved in 2015?

A Our strategy meant we were able to grow our business. We have maintained our market-leading positions in life insurance, pensions investment management and liability driven investment (LDI). Once again we increased earnings and assets and delivered a total shareholder return of 114% in the three years to the end of 2015. Our success and capital strength means we can recommend an increased dividend for shareholders.

Q How difficult has it been to cope with the disruption you've seen in the insurance industry in 2015?

A We have a clear strategy, with the diversity and scale to expand organically. We have grown in core markets in the UK and overseas and have selectively entered new markets including lifetime mortgages, US pension risk transfer and investment management in Asia. We have left those markets which are no longer core to our future growth.

Q Have you been a winner or loser from recent government changes in pensions? And what further changes would you like to see?

A We support UK government policy to give people greater control of managing their own retirement finances. There's a long way to go and people are just starting out to build real independence and security in retirement. We are clear market leaders in pensions investment management and have almost a 30% share of the auto-enrolment market. We have reshaped our individual retirement business, adapting our existing products and giving customers greater access to housing equity through lifetime mortgages. In 2014, the estimated amount of housing equity available to over 65s was £1.4 trillion.

Q How important is building a strategy with digital at the heart?

A We know that more and more people prefer using digital channels. We are determined to become digital market leaders. Our customers rightly expect the lowest charges possible and the freedom to take control of their own finances at a time that suits them.

Only the companies that can deliver digitally will thrive. We intend to be a digital winner and have set up online facilities for auto-enrolment, attracting businesses with strong digital capabilities such as Tesco and the John Lewis Partnership. Our investment platforms and individual retirement products benefit from digital. We have won investment mandates in Asia in some areas where we have no people on the ground.

Q You've said that the UK suffers from under investment. In what areas would you like to see more money invested?

A Institutions are awash with capital. It's time to move away from a fixation on interest rates (little 'i') to the big 'I' of more investment. We should invest in jobs by encouraging new businesses and improve productivity by investing in skills, training and digital capabilities. We want to end 'short termism' in business and have ourselves stopped quarterly reporting. Investment in infrastructure such as clean energy and housing will create employment and generate growth in areas which have missed out on the recovery.

Q How important is the UK to you compared to international markets?

A The UK is a fantastic place to invest in. Two key goals are to improve the supply of affordable and 'last time buyer' housing and to help stimulate greater investment in the economy, building increased customer resilience. Our success and considerable investment expertise in the UK enable us to expand internationally in US DC and pension de-risking markets and Asian investment markets such as Taiwan, Korea and Japan.

> **"We need constant, disruptive renewal. Companies that cannot modernise fall behind quickly."**
>
> **Nigel Wilson, Daily Telegraph, 3 January 2016**

Q What future risks do you worry about? Are there enough regulations in place to protect against those risks?

A The global economy gives cause for concern, with falling growth rates in emerging markets and turbulence in commodities adding to worries about the Eurozone's future. It doesn't help that the UK's role in Europe remains uncertain. However, we consider that a vote to leave would have little direct impact on trading, as our customer base is located very largely in the UK, the US and Asia. As a risk manager we seek to balance sheltering our customers and shareholders against risks, with the need to invest capital for future growth. The 2015 approval of our Solvency II internal model is a good example of successful collaboration with regulators and we want even closer links to ensure that business can play its fullest role in supporting UK Plc and the other markets we operate in.

FURTHER READING
www.legalandgeneralgroup.com/media-centre/nigels-blog

Direct investments made to end 2015

£7.0bn

(31.12.14: £5.7bn)