

# Life and Health Insurance M&A

A review of 2021 and an  
outlook for 2022 and beyond

Covering Europe, North America, and Asia

AUTHORS

**Ian Humphries** (London) – [ian.humphries@milliman.com](mailto:ian.humphries@milliman.com)

**Katie Nelson** (Chicago) – [katie.nelson@milliman.com](mailto:katie.nelson@milliman.com)



# Overview

This paper provides an analysis of recent life and health insurance transaction activity across the globe, focusing on Europe, North America, and Asia.

The “Global Insight” section (pages 3-6) provides an overview of global life and health mergers and acquisitions (M&A), looking at the volume of announced transactions in 2021 in terms of number and value, as well as a high-level analysis of the activity in each region.

The “Europe” (pages 7-29), “North America” (pages 30-37), and “Asia” (pages 38-57) sections provide a detailed insight into the activity in each region. For key markets under each region, we provide:

- An analysis of the level of activity in 2021 versus previous years
- An overview of the key announced transactions in 2021
- An analysis of transaction drivers, including the impacts of the COVID-19 pandemic
- An analysis of M&A themes and trends
- An analysis of private equity and private asset manager involvement in life and health M&A in 2021
- The outlook for life and health insurance M&A in 2022 and beyond

The underlying data used for this paper has been sourced from S&P Global Market Intelligence (which has been manually adjusted where necessary) and publicly available data on announced transactions. The paper presents statistics and data on announced transactions that include life and health insurance business, including any transactions categorised as “multiline” that include a mix of life, health, and general insurance business. For the purposes of this paper, any transactions that are categorised as Bulk-Purchase Annuity, Pension Risk Transfer, or reinsurance only are excluded from the data. The data is based on limited public data on reported transaction values.

# Global insight



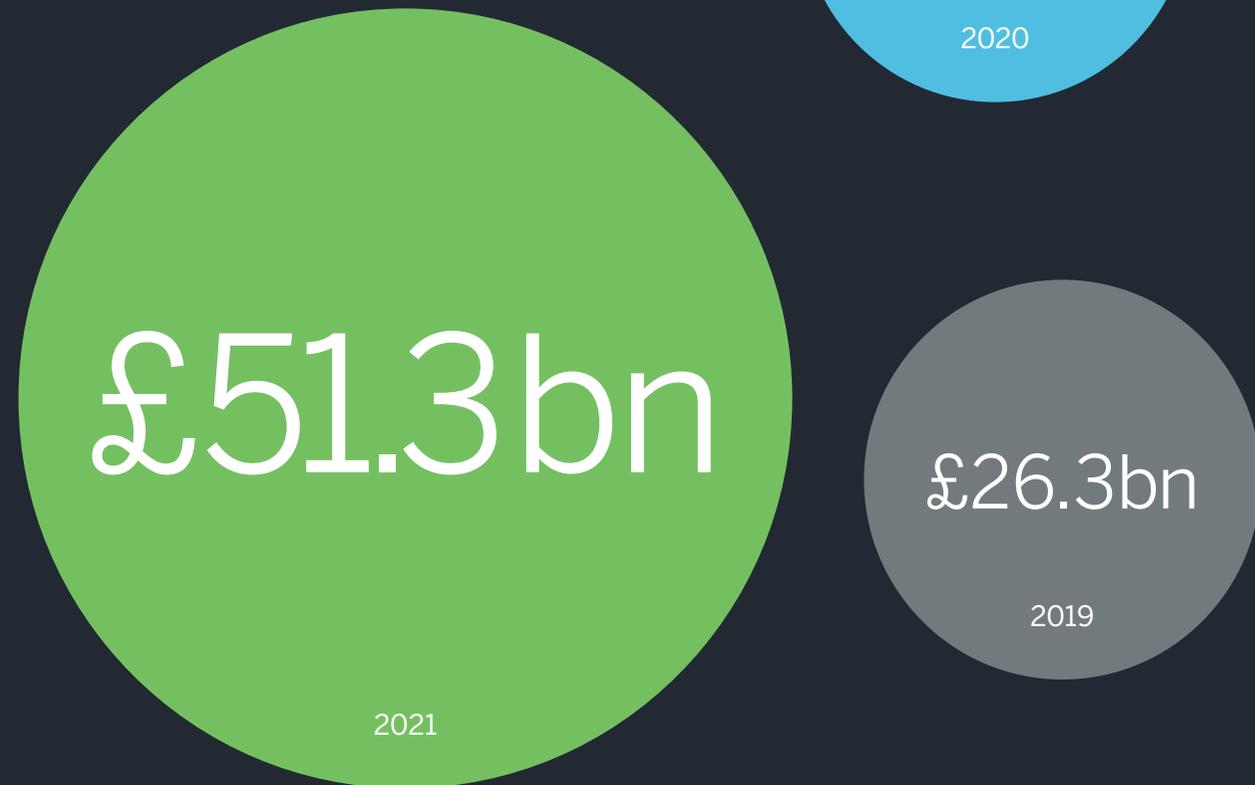
## Introduction

Global life and health insurance M&A activity remained high during 2021 despite the operational challenges that insurers faced as a result of the COVID-19 pandemic. Although the life and health insurance industry has generally shown significant resilience during the pandemic, particularly when compared to other financial services sectors, the consequences of the pandemic (including asset losses and the reductions in risk-free interest rates) exacerbated the issues with insurers' business models and accelerated the need for insurers to consider their business models and potential mergers or sales of non-core businesses.

The increased availability of life and health insurance business has been met by an unprecedented demand for such business from both traditional consolidators, specialist acquirers and private equity / private asset manager firms and there are no signs of this demand abating.

The number of announced global life and health transactions increased in 2021 compared with 2020 (176\* deals in 2021 versus 143 deals in 2020) and the average deal size (for publicly disclosed deal values) increased from c. £0.4 billion in 2020 to c. £0.7 billion in 2021, being driven by a number of "mega deals" in North America.

Publicly announced life and health deal values totalled c. £51.3 billion in 2021 compared to c. £25.8 billion in 2020 and c. £26.3 billion in 2019.



\* This figure considers Chubb Limited's acquisition of Asia-based business of Cigna Corporation as seven separate deals. However, individual prices for each market covered under the transaction were not available, so for the purposes of calculating any statistics that involved deal values, the deal has not been separated.

# Global Life and Health Insurance M&A

## Deal value and volume



23% increase in number of globally announced transactions in 2021 (176 in total)

↑ 23%

99% increase in publicly announced deal values in 2021 (c. £51.3 bn in total)

↑ 99%

### Increase in substantial-sized deals during 2021:

- 21 deals over £500 million in 2021 (12 in 2020)
- Including 15 deals over £1 billion in 2021 (7 in 2020)

### North America dominates the largest deals in 2021

- 10 of 21 deals over £500 million, of which 9 were in the US

## No. of transactions split by deal size\*



### Largest deal sizes in each region

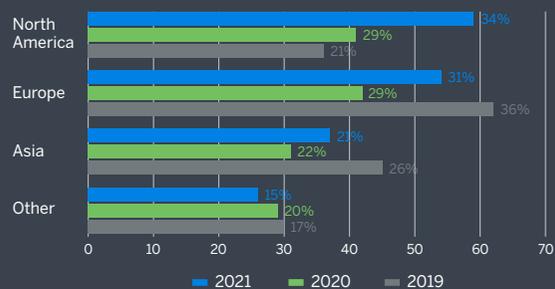
- North America: Apollo's merger with Athene – c. £8.6 billion. This was 2021's largest deal size
- Europe: Aviva Poland sale to Allianz – c. £2.1 billion
- Asia: Chubb Limited's acquisition of Asia-based personal accident, supplementary health and life business from Cigna Corporation – c. £4.2 billion



\* For the purposes of this graph, Chubb Limited's c. £4.2 billion acquisition of Asia-based business from Cigna is categorised as a single transaction despite it covering seven markets. Source: S&P Global Market Intelligence and public data

# Global Life and Health Insurance M&A

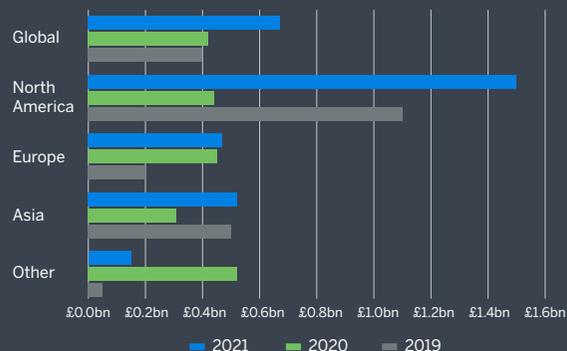
## No. of announced life and health transactions



## Total value of life and health transactions

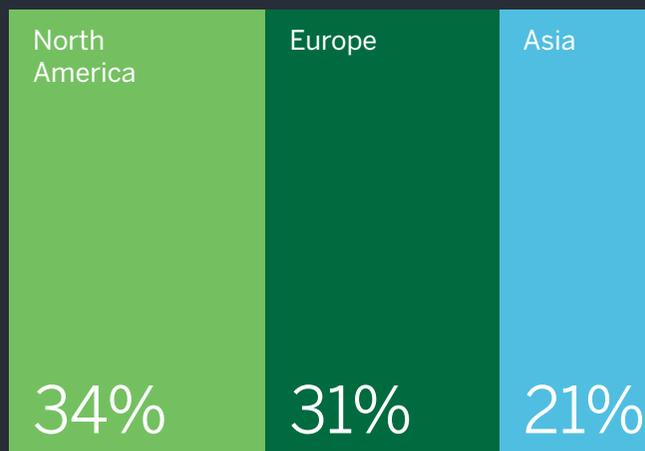


## Average life and health deal size



## 2021 transaction volumes

- North America leads announced transaction volumes in 2021 – 59 announced transactions (41 in 2020) – accounting for 34% of global transactions
- The volume of announced European transactions increased to 54 transactions (42 in 2020) – 31% of global transactions
- The volume of announced Asian transactions increased to 37 transactions (31 in 2020) – 21% of global transactions



## Most active countries in each region in 2021:

- North America: US – 51 announced transactions
- Asia: China – 8 announced transactions
- Europe: Italy – 6 announced transactions

## Publicly announced deal values – 2021

- North America saw a substantial uptick in publicly announced deal values in 2021 (an increase of 281% to c. £26.9 billion)
- North America continues to be the global continental leader in publicly announced deal values
- Asia’s publicly announced deal values increased by 129% to c. £11.9 billion
- Announced deal values in Europe have increased by 67% in 2021 to c. £10.4 billion
- US is the overall leader in publicly announced deal values (c. £18.4 billion)
- Hong Kong (c. £4.7\* billion) and France (c. £3.9 billion) lead the way in publicly announced deal values in Asia and Europe, respectively
- Average publicly announced deal values across all transactions increased by 60% to c. £0.7 billion in 2021. North America’s average deal value continues to be the largest in 2021 – c. £1.5 billion

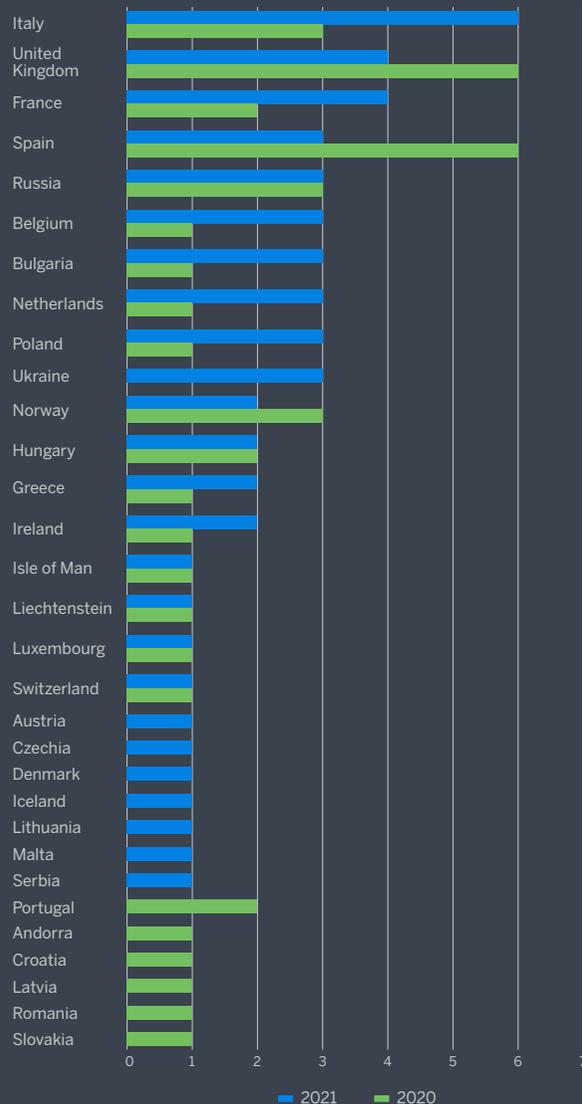
\* This assumes that Chubb Limited’s c. £4.2 billion acquisition of Asia-based business from Cigna Corporation is categorised as Hong Kong (despite it covering six other Asian markets). Individual prices for each market covered under the transaction were not available. Source: S&P Global Market Intelligence and public data

# Europe



# 2021 Overview and Outlook

## No. of announced life and health transactions – Europe



## 2021 Overview

After a slightly quieter than usual 2020, 2021 was a busy year for Europe in the life and health insurance M&A space despite the ongoing restrictions from the COVID-19 pandemic.

In 2021, the number of announced Europe-based transactions increased year on year by 29% to 54.

The number of European transactions contributed to approximately 31% of all global life and health M&A transactions announced in 2021.

Total publicly announced deal values in Europe increased by 67% to £10.4 billion in 2021.

Italy was the most active market in terms of the number of announced transactions (6) in 2021. Italy has seen large deals across 2020 and 2021, including those in relation to Aviva’s exit from the Italian market.

Although insurers have typically remained well capitalised, the stressed balance sheets linked to the impacts of the pandemic coupled with the continuation of the low interest environment across Europe have accelerated the need for European insurers to reevaluate their business models. There have been several strategic transactions involving the disposition of non-core businesses, including those with high levels of guarantee investment returns, to improve profitability and internal rates of return.

There is a strong trend towards innovative structured products in European markets and a focus on the introduction of “capital light” products.

## Outlook

Traditional consolidators and specialist acquirers continue to show significant interest in European life and health insurance business. This is in addition to private equity / asset manager firms, which are now having a significant influence on the insurance M&A market in Europe, with deals becoming increasingly sophisticated and complex.

## Outlook — Europe



M&A in the European life and health insurance industry is expected to remain strong, with demand remaining high from traditional consolidators, specialist acquirers, and private equity firms.

Insurers are expected to continue to seek sales of non-core business or exits from non-core markets due to the impacts of low interest rates.

However, as several European countries continue to battle with high inflation after the easing of COVID-19 restrictions, interest rates are rising and further increases are expected. For Eurozone countries, the European Central Bank has not ruled out an interest rate rise in 2022, with many experts expecting a rise in Q4 2022. Any future increases in interest rates could lead to firms being more incentivised to sell if they believe they can achieve a better price for their business, although it could make deals more expensive and less attractive for potential acquirers. It should be noted that increases in interest rates would help to alleviate some of the pressures on insurers from investment guarantee business, which have been a key driver of transactions in recent years.

International Financial Reporting Standard 17 (IFRS 17), which is due to be effective from January 2023 in the European Union<sup>1</sup> and the UK, will result in significant changes to accounting and reporting processes for insurance contracts and is expected to be a key driver of transactions. Large international insurers are typically well prepared for IFRS 17 although medium and small-sized insurers are less so, and firms will look to divest non-core insurance portfolios to avoid or lessen the significant expenses and resource requirements relating to the preparation for, and implementation of, IFRS 17.

Outdated and inefficient IT systems are expected to be a catalyst for future life and health transactions in Europe, as many insurers would prefer a sale rather than undergo an IT system modernisation process, which is typically extremely complex, expensive, and takes several years to complete.

There are also the Solvency II reviews in Europe by the European Insurance and Occupational Pensions Authority (EIOPA) and in the UK by the Prudential Regulation Authority (PRA), which are separate exercises, with the impacts varying between firms and creating winners and losers. The impacts from any Solvency II reforms could be a key catalyst for transactions going forward.

<sup>1</sup> The European Union published a Commission Regulation in November 2021, adopting IFRS 17 (albeit with an exemption regarding the annual cohort requirement).

## Top 10 publicly announced deal sizes in 2021 — Europe

Announcement date	Target or issuer	Buyer	Seller	Transaction value (£m)	Country
26 March 2021	Aviva Poland business	Allianz SE	Aviva plc	2,117.97	Poland
28 October 2021	CNP Assurances S.A.	La Banque Postale S.A.	Groupe BPCE	2,061.04	France
23 February 2021	AVIVA France S.A.	Aéma Groupe	Aviva plc	1,814.76	France
31 May 2021	Società Cattolica di Assicurazione – Società Cooperativa	Assicurazioni Generali S.p.A.	NA	792.88	Italy
05 July 2021	MetLife's business activities in Poland and Greece	NN Group N.V.	MetLife, Inc.	503.81	Poland and Greece
01 April 2021	Quilter International Limited	Utmost Group of Companies	Quilter plc	483.00	Isle of Man
04 March 2021	Life insurance business	CNP Assurances S.A.	Aviva plc	462.24	Italy
26 March 2021	Ethniki Hellenic General Insurance S.A.	CVC Capital Partners Limited	National Bank of Greece S.A.	433.22	Greece
29 December 2021	Bankia Mapfre Vida Sociedad Anonima De Seguros Y Reaseguros	CaixaBank, S.A.	Mapfre, S.A.	272.63	Spain
13 July 2021	Ark Life Assurance Company Dac	Irish Life Group Limited	Phoenix Group Holdings plc	194.33	Ireland

# Private equity and private asset managers in Europe

## Key private equity players

Country	Private equity company
Belgium / Luxembourg	Athora Holding Ltd. (private equity backing, including Apollo and Abu Dhabi Investment Authority)
France	AnaCap Financial Partners Limited
	Cinven Group Limited
	Athora Holding Ltd. (private equity backed)
	The Blackstone Group Inc
	CVC Capital Partners
Germany	Athora Holding Ltd. (private equity backed)
Greece	CVC Capital Partners
	Fairfax Financial Holdings Limited
Ireland	Utmost Group plc
Italy	Cinven Group Limited
	Apollo Global Management, Inc.**
	Athora Holding Ltd. (private equity backed)
Netherlands	Athora Holding Ltd. (private equity backed)
	Sixth Street Partners
Spain / Portugal	Elliott Investment Management L.P.
	Apollo Global Management, Inc.
	APAX Partners LLP

## 2021 Overview

Private equity continued to play a significant role in the European life and health insurance M&A space in 2021.

Athora, which is backed by private equity, entered the Italian life insurance market via its purchase of Amissima Vita (subject to approval).

CVC Capital Partners became one of the largest investors in Greece through its purchase of a 90.01% stake in multiline insurer Ethniki Insurance from the National Bank of Greece.

Zurich in Italy recently announced in January 2022 that it intends to offload its life and pensions back-book to Portuguese insurer GamaLife, via APAX Partners, a private equity firm.

It should also be noted that Monument Re\*, although not a private equity firm, announced four separate acquisitions in Europe (two in Belgium, one in Luxembourg, and one in Ireland).

## Outlook

The trend of increasing demand for insurance business from private equity firms is expected to continue. Private equity firms historically have realised high returns from recent investments in insurance businesses and the low interest environment (in spite of recent increases) will continue to whet the appetite for further investments in life and health insurance business.

To enhance the return on capital on deals, we are seeing private equity (as well as traditional) consolidators focusing on three key areas: fixed cost reductions, particularly through IT investments, sophisticated investment strategies (including the use of illiquid and alternative assets) to increase returns (in particular illiquidity premiums), and capital optimisation. We expect these areas to be a key feature of future deals involving private equity firms.

Private equity is expected to continue to show considerable interest in both open and closed blocks of business within the European markets, competing against non-private equity-backed consolidators / insurers, as well as special-purpose acquisition companies. There have been several large debt raises by private equity firms in the recent past and these firms are extremely keen to deploy their dry powder. The relative strength of the dollar versus European currencies is also expected to drive demand from US dollar-denominated private equity funds.

\* Although not a typical private equity firm, Monument Re, whose shareholders include individual and institutional investors (such as investment companies), is active in Ireland, Belgium, Luxembourg, and the Netherlands.

\*\* Sold its Amissima Vita business to Athora Group

Source: S&P Global Market Intelligence and public data

## UK — Announced transactions 2020-2021

Announcement date	Target or issuer	Buyer	Seller	Transaction value (£m)
13 September 2021	Sanlam Life and Pensions UK Limited	Chesnara plc	Sanlam Limited	39.00
08 June 2021	Aviva plc	Cevian Capital AB	NA	Undisclosed
23 February 2021	SLAL UK investment and platform-related products of Phoenix Group Holdings plc	abrtn plc	Phoenix Group Holdings plc	Undisclosed
04 February 2021	Hodge Life Assurance Company Limited	Reinsurance Group of America, Incorporated	Hodge Group	Undisclosed
15 December 2020	Liverpool Victoria Financial Services Limited	Bain Capital Credit, LP	Liverpool Victoria Financial Services Ltd.	530.00
25 November 2020	Pension Insurance Corporation plc	Undisclosed Buyer	Keyhaven Capital Partners Ltd.	Undisclosed
10 November 2020	Pension Insurance Corporation Group Limited	Reinet Fund Manager S.A.	NA	119.00
30 September 2020	Rothsay Holdco UK Ltd	Investor group	Blackstone Inc.	2,100.00
30 September 2020	Pension Insurance Corporation Group Limited	Investor Group	Legend Holdings Corporation	174.90
25 August 2020	LCL International Life Assurance Company Limited / Charles Taylor Hld	Monument Re Ltd.	Charles Taylor plc	Undisclosed
04 August 2020	Civil Service Healthcare Society Limited	The British United Association Limited	NA	Undisclosed

## UK



## 2021 Overview

The UK life and health M&A market was fairly busy in 2021. There were four announced transactions:

- Publicly listed Chesnara agreed to acquire London-based Sanlam Life & Pensions UK Ltd (SLP), a specialist provider of insurance and long-term savings products for c. £39 million. The business of SLP is to be transferred into Chesnara's UK-based subsidiary insurer, Countrywide Assured, following the acquisition. Chesnara noted that the transaction will increase dividend capacity and increase its assets under management by 34%, with SLP comprising approximately £2.9 billion of assets under management. SLP is open to new business.
- Stockholm-based international investment firm Ceivan Capital AB acquired a 4.95% stake in London-based Aviva plc. Ceivan Capital's business model involves acquiring significant minority ownership positions in European public companies seeking value creation. It typically owns a stake for around five years.
- Standard Life Aberdeen plc agreed to acquire Standard Life Assurance Limited (SLAL) UK investment and platform-related products of Phoenix Group Holdings plc, which include wrap self-invested personal pensions, onshore bonds, and UK trustee investment plans. Under the transaction, Phoenix is to receive a cash consideration of £115 million, and will acquire

ownership of the Standard Life brand, which was a key aim of the deal for Phoenix. This deal follows Phoenix's acquisition of SLAL from Standard Life Aberdeen in 2018. The deal is to be completed by way of Part VII transfer.

- Reinsurance Group of America, Incorporated (RGA) agreed to acquire 100% of the share capital of UK-based annuity and equity release provider Hodge Life Assurance Company Limited (HLAC) from the Hodge Group. HLAC withdrew its annuity and equity release products from the market following the transaction, although Hodge Group noted it would look to re-enter the equity release market. HLAC's growth has been limited by its relatively small size and high capital requirements.

In a key development in 2021, the proposed sale of mutual company Liverpool Victoria Financial Services (LV) to private equity firm Bain Capital did not receive the necessary approvals from the LV members, which in effect terminated the deal. The proposed transaction received significant attention from the media and members of Parliament who were generally uncomfortable with a UK mutual being sold to a private equity firm and advised LV members to vote against the transaction.

Insurers in the UK have generally remained well capitalised during the COVID-19 pandemic. The pandemic has not been a primary driver of transactions in the UK, although sale processes were affected to some degree due to the various restrictions in place.

## UK

---

“Future increases in interest rates could lead to insurers being more incentivised to sell if they can achieve higher prices, although higher prices could reduce demand from potential acquirers.”

---

### Outlook

The UK life and health insurance market is heavily consolidated, with the top five life and health firms accounting for around 50% of best estimate reserves. The M&A market has been extremely active in recent years, with several mega deals being announced. We expect the market to cool somewhat, primarily due to the lack of available targets, although there are some non-core portfolios that may come to market in the short to medium term. There are also a number of subscale insurers in the UK that may require a sale or merger (or similar action) in the short term, including several friendly societies and mutuals that have rapidly declining member numbers and are unable to raise capital in the traditional way. We also expect to see a continuation of the trend of investments in pension buy-out and buy-in specialists such as Pension Insurance Corporation and Rothesay, which continue to seek further capital to fund what is expected to be a healthy pipeline of bulk annuity deals.

Demand for UK-based life and health business is expected to remain high from both traditional insurers and consolidators. Private equity firms are active in the UK market, and typically active in bidding processes, including those which do not currently have exposure to the UK market. The UK regulators are generally accepting of private equity acquirers, as evidenced by the non-objection to the LV and Bain Capital transaction; however, private equity firms are typically subject to increased scrutiny, with the regulators keen to understand

their abilities to manage the business, the source of funds, and the levels of protection provided to policyholders.

Interest rates have been very low during recent years, particularly during the pandemic. This has led to profitability and capital strains for insurers, particularly those with investment guarantees. The recent upward pressure on interest rates following the easing of COVID-19 restrictions will help to alleviate some of this pressure on insurers. Future increases in interest rates could lead to insurers being more incentivised to sell if they can achieve higher prices, although higher prices could reduce demand from potential acquirers.

The ongoing review of Solvency II in the UK by the PRA in the wake of Brexit is likely to affect insurers in different ways, with changes expected to the benefits under the Matching Adjustment and Transitional Measure on Technical Provisions approvals, as well as the calculation of the Risk Margin. There will almost certainly be winners and losers of the UK Solvency II review, and any reforms could be a key catalyst for transactions in the future.

Regarding IFRS 17, UK insurers are typically well prepared for its implementation and it is therefore not expected to be a key driver of transactions going forward, although its impacts on results will be important as it is often a key constraint on payable dividends.

## Italy — Announced transactions 2020-2021

Announcement date	Target or issuer	Buyer	Seller	Transaction value (£m)
24 September 2021	Assicurazioni Generali S.p.A.	Mediobanca Banca di Credito Finanziario S.p.A.	NA	Undisclosed
23 September 2021	Amissima Vita S.p.A.	Athora Holding Ltd.	Apollo Global Management, Inc.	Undisclosed
14 June 2021	Net Insurance S.p.A.	Undisclosed Buyer	UniCredit S.p.A.	Undisclosed
31 May 2021	Società Cattolica di Assicurazione – Società Cooperativa	Assicurazioni Generali S.p.A.	NA	792.9
08 April 2021	Lombarda Vita S.p.A.	Intesa Sanpaolo S.p.A.	Società Cattolica di Assicurazione – Società Cooperativa	190.3
04 March 2021	Aviva Italy Life insurance business: Aviva S.p.A, Aviva Life S.p.A. and Aviva Italia Servizi S.c.a.r.l.	CNP Assurances S.A.	Aviva plc	462.2
16 December 2020	Vera Vita S.p.A.	Banco BPM S.p.A.	Società Cattolica di Assicurazione – Società Cooperativa	303.7
23 November 2020	Aviva Vita S.p.A.	Unione di Banche Italiane S.p.A.	Aviva plc	351.9
28 July 2020	Berica Vita S.p.A.	Società Cattolica di Assicurazione – Società Cooperativa	Banca Popolare di Vicenza S.p.A.	Undisclosed

# Italy

## 2021 Overview

The Italian life and health insurance market has seen a wave of transactions during 2021, a number of which have been significant:

- Athora entered the Italian life insurance market via its purchase of Amissima Vita (currently subject to approval) from Apollo. Apollo has a minority stake in Athora.
- Generali acquired its smaller rival Cattolica under a deal which is intended to merge the two companies (with Generali increasing its stake to c. 85% from c. 24%). Generali previously invested c. €300 million in Cattolica after Italian supervisors requested it to improve its finances in 2020.
- Aviva exited the Italian market via its sale to French insurer CNP. This deal follows Aviva's announcement in 2020 that it will focus on its core businesses in the UK, Ireland, and Canada. Aviva also sold its Italian non-life business to Allianz S.p.A. at the same time.
- Intesa Sanpaolo (one of the largest Italian banks) acquired life insurer Lombarda Vita from Cattolica, adding to its previous bancassurance acquisitions of BancAssurance Popolari and Aviva Vita via UBI Banca (or Unione di Banche Italiane, which merged with Intesa Sanpaolo in 2021). All of these deals were triggered by the terms of bancassurance agreements, which ultimately led to market realignments.

The Italian life market is primarily a savings market with a small protection and annuity market. General concerns surrounding in-the-money guarantees have been one of the drivers for certain insurers seeking to exit the Italian life market, and some insurers are finding it difficult to write profitable new business in the low interest rate environment, although "super capital light" products can still be profitable. Insurers also have significant concerns over the volatility of Italian government bonds. These issues have led to a period of strong M&A activity in Italy over 2020 and 2021. A number of deals have been attempted and subsequently withdrawn due to low offer prices.

The COVID-19 pandemic has generally not led to distressed balance sheets for Italian insurers, as many domestic and international players are composite groups and the original lockdowns led to windfall profits for other business lines such as non-life motor insurance business due to reductions in traffic accidents.

## Outlook

The issues that insurers are facing in the Italian market (as described above) are not expected to disappear in the short term and further sales of non-core or capital-intensive business are expected in 2022, although the upward pressure on interest rates may reduce the pressure on insurers to some degree.

In a significant deal, Zurich announced in January 2022 that it intends to offload its life and pensions back-book to Portuguese insurer GamaLife, which is backed by APAX Partners, a private equity firm.

Private equity firms continue to show an interest in Italian life business, with several private equity companies having been rumoured to be trying to enter the Italian life insurance market. Athora, which is backed by private equity firm Apollo, may look for additional Italian acquisitions following its entry into the market via its purchase of Amissima. Cinven is the other key primary private equity player in the Italian market (via its portfolio company Eurovita). Traditional insurers and bancassurers may also show significant interest in Italian portfolios that come to market.

The Italian life market is relatively consolidated at the top, with the five largest players accounting for over 65% of market share in terms of premiums, although there are a number of small and medium-sized insurers that are susceptible to consolidation in the future, which could drive future M&A activity. However, at the time of writing, there is not an insurer following a typical consolidation strategy in the Italian life market. The extent of any further consolidation in the bancassurance space will be largely dependent on the level of banking sector consolidation.

## Spain and Portugal — Announced transactions 2020-2021

Announcement date	Target or issuer	Buyer	Seller	Transaction value (£m)	Country
29 December 2021	Bankia Mapfre Vida Sociedad Anonima De Seguros Y Reaseguros	CaixaBank, S.A.	Mapfre, S.A.	272.63	Spain
20 May 2021	Igualatorio Medico Quirurgico, S.A. De Seguros y Reaseguros	SegurCaixa Adeslas, S.A. de Seguros y Reaseguros	NA	0.22	Spain
28 December 2020	Grupo Igualatorio Cantabria	AXA Seguros e Inversiones S.A.	NA	43.61	Spain
06 November 2020	SOS Seguros y Reaseguros, S.A.	Santa Lucía, S.A., Compañía de Seguros y Reaseguros	Blue Cross Travel Services B.V.	Undisclosed	Spain
04 November 2020	Fidelidade Assistência – Companhia De Seguros, S.A. / Multicare – Seguros de Saúd	Fidelidade – Companhia de Seguros, S.A.	Caixa Geral de Depósitos, S.A.	34.19	Portugal
05 October 2020	Asociación Mutualista de la Ingeniería Civil, Mutualidad de Previsión Social a Prima Fija	Mutualidad General de la Abogacía, Mutualidad de Previsión Social a Prima Fija	NA	Undisclosed	Spain
06 July 2020	Risk life run-off portfolio	MAPFRE Vida, S.A. De Seguros Y Reaseguros Sobre La Vida Humana	Santander Totta, SGPS, S.A.	Undisclosed	Portugal
22 June 2020	Popular Vida 2020 Compania de Seguros y Reaseguros SAU	Aegon Santander Vida Seguros y Reaseguros S.A.	Banco Santander, S.A.	Undisclosed	Spain
11 June 2020	Life-Risks and Accidents Insurance Business	AVANZA Mutual de Seguros y Reaseguros, S.A.	Asociación Mutualista de la Ingeniería Civil, Mutualidad de Previsión Social a Prima Fija	Undisclosed	Spain
24 January 2020	Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A.	Helvetia Schweizerische Versicherungsgesellschaft AG	Investor group	689.42	Spain

# Spain and Portugal

## 2021 Overview

The Spanish and Portuguese markets experienced a relatively quiet year in terms of life and health M&A transactions. There were two announced transactions in Spain and zero transactions announced in Portugal. This follows a relatively active 2020 (eight transactions in total), despite the restrictions from the COVID-19 pandemic, although as seen in other European markets there was a transaction hiatus in Spain and Portugal for the latter part of Q1 and most of Q2 2020. The solvency positions of Spanish and Portuguese life and health insurers remained strong during the COVID-19 pandemic, with distressed sales not being necessary; however, the pandemic did highlight the importance of the Matching Adjustment and Volatility Adjustment.

Spain's key deal in 2021 saw CaixaBank acquire the remaining 51% interest in life and health insurer Bankia Mapfre Vida (Bankia) from Mapfre for c. £272.6 million (c. €323.7 million), via a put option available to Mapfre (CaixaBank and Bankia, the third-largest and fourth-largest banks in Spain at the time, merged in March 2021). As part of the transaction, CaixaBank also paid compensation of c. €247.1 million to Mapfre due to the termination of an agency contract to distribute Mapfre non-life insurance via Bankia Mapre Vida. It is expected that, once 100% of Bankia Mapfre Vida has been onboarded, it will be sold entirely to VidaCaixa, a subsidiary of CaixaBank and the largest life and health insurer in Spain.

## Outlook

The Spanish and Portuguese life insurance sectors have seen a general trend of new business premium contraction in recent years, due to the lingering effects of the 2012 European sovereign debt crisis, the low interest rate environment, and the COVID-19 pandemic. There has been a trend of consolidation in the Spanish and Portuguese insurance markets, particularly for life insurance, with the number of life and health insurers gradually decreasing. Both the Spanish and Portuguese markets are dominated by bancassurance distribution, and the consolidation trend is partially due to the reorganisation of bancassurance agreements following banks merging with other credit institutions. The trend in consolidation (particularly that in relation to bancassurance reorganisation) and the drive for economies of scale are both expected to continue in the Spanish and Portuguese markets, and Spain in particular is expected to see several transactions in the short term. The Spanish and Portuguese markets are heavily consolidated at the top, with the top five life and health insurers accounting for over 50% of total life and health insurance provisions in Spain and over 80% in Portugal, although there are several small and medium-sized insurers that could be seeking a merger or sale. Mediterráneo Vida (owned by Elliot Investment Management, a private equity firm) is the primary Spanish-based consolidator that focuses on run-off portfolios.

Although the COVID-19 pandemic has resulted in limited impacts on solvency ratios, it has highlighted the need for further investments in technology; significant volumes of insurance business continue to be sold in-branch at banks, which were closed for long periods during the COVID-19 lockdowns. Insurers are well aware of the need to adapt to the evolution in the insurance sales environment and customers' needs from a technology point of view, and the desire to invest in technology is expected to be a key driver of deals in 2022 and beyond.

IFRS 17 (due to be implemented in January 2023) is expected to be a key driver of transactions in the Spanish and Portuguese insurance markets in 2022, with firms seeking to divest non-core portfolios to avoid the burdens of IFRS 17 preparations and implementation.

Only a few private equity firms have exposure to the Spanish and Portuguese life and health insurance markets; Elliot (Spain), Apollo (Portugal), and APAX (Portugal) are the key private equity players. There has been limited private equity transaction activity in 2020 and 2021, although a number of firms are rumoured to be interested in entering the Spanish and Portuguese markets, and the existing private equity players are likely to consider any further opportunities that may arise.

## France — Announced transactions 2020-2021

Announcement date	Target or issuer	Buyer	Seller	Transaction value (£m)
28 October 2021	CNP Assurances S.A.	La Banque Postale S.A.	Groupe BPCE	2061.04
23 February 2021	AVIVA France S.A.	Aéma Groupe	Aviva plc	1814.76
15 January 2021	CETIM S.A.	Gestion Formation Prévoyance SaS	April S.A.	Undisclosed
01 January 2021	Sud-ouest Mutualité	Harmonie Mutuelle S.A.	NA	Undisclosed
18 December 2020	Axeria Prevoyance	Quatrem, société d'intermédiation d'assurances collective S.A. (Malakoff Humanis)	April S.A.	Undisclosed
13 March 2020	Groupe AÉSIO	Macif-Mutualité	NA	Undisclosed

# France

## 2021 Overview

The French life and health insurance market had a relatively busy period of M&A in 2021, with four announced transactions, which included two significant deals:

- The French state-owned bank La Banque Postale (LBP) agreed to acquire Groupe BPCE's 16.1% shareholder stake in France's biggest insurer CNP Assurances (CNP). This will result in LBP holding a 78.9% ownership of CNP and LBP intends to hold a public tender offer in 2022 for the 21.1% of CNP that it does not hold. This follows the 2018 announcement that the French government intended to merge LBP and CNP, with the aim of building a state-owned company to provide banking and insurance services in the rural areas of France. LBP aims to be a European leader in bancassurance within the major public financial sector.
- In another mega deal, Aviva completed its exit from the French market via the sale of its French business to the Aéma Groupe, a French mutual insurance group. This deal follows Aviva's announcement in 2020 that it will focus on its core businesses in the UK, Ireland, and Canada.

The COVID-19 pandemic has not been a primary driver of deals in France, with insurers typically remaining well capitalised.

Another key development in the French market was French mutual insurance company Covéa agreeing in June 2021 to an orderly exit from the share capital of French reinsurer Scor (with Covéa being the top shareholder). In January 2019, Covéa abandoned plans to buy Scor after opposition from Scor and subsequent legal action from both parties. As part of the announcement in June 2021, Scor agreed to transfer 30% of all in-force business carried by its Irish Life entities to Covéa for around €1 billion, while Covéa and Scor will withdraw all legal action and claims and Covéa agreed to pay an indemnity settlement to Scor of approximately €20 million. Covéa granted Scor a call option on its Scor shares, which are transferrable to a third party designated by Scor, although no formal sale or transfer has been announced at the time of writing.

In another significant announcement from Covéa, Covéa agreed to purchase Bermuda-based reinsurer PartnerRe Ltd. from Exor N.V. for €7.7 billion. A definitive agreement for the sale was signed in December 2021. As part of the announcement, Covéa has highlighted its long-term strategy of international growth and diversification of products, risks, and geographies.

## Outlook

Closed-book portfolios in France have been materially affected by the continued low interest environment and insurers will continue to seek capital releases via sales or reinsurance of non-core and capital-intensive portfolios. In January 2022, Allianz France transferred a portfolio of non-core savings contracts (predominantly unit-linked) to CNP. CNP has stated its intention to transform its assets under management with portfolios

mainly invested in unit-linked products and is therefore expected to be a key player in future transactions within France. Several other non-core life and health insurance portfolios and businesses are expected to be up for sale in the near future.

The complexity of the French regulations are a potential barrier to transactions, and in particular the Reserve De Capitalisation, which is designed to neutralise profit and loss (P&L) impacts of realised gains and losses on bonds, and the minimum profit-sharing rules mechanism, which requires that policyholders receive a minimum amount of profit sharing for "euro fund"<sup>2</sup> investments. However, the demand for French insurance business remains high from existing market players and potential new entrants, including private equity firms. A number of private equity firms that do not have exposure to the French market are looking for a deal that will provide them with an insurance platform in France.

The French life and health insurance market is extremely consolidated at the top level, with the top five insurers accounting for over 50% of the market provisions. There is not a traditional consolidator in the French market although one may appear in the medium term, with private equity firms showing interest. There are some small and medium-sized insurers that could be consolidation targets.

Although the French market is dominated by bancassurance, it is not expected to be subject to the significant bancassurance reorganisations seen (and expected to be seen) in the Italian, Spanish, and Portuguese markets.

<sup>2</sup> The euro fund is a savings vehicle for life insurance in France, which invests in government bonds and pays a guaranteed return. The majority of assets placed in French life insurance are invested in the euro fund. Source: S&P Global Market Intelligence and public data

CEE<sup>3</sup> — Key transactions 2020-2021

Announcement date	Target or issuer	Buyer	Seller	Transaction value (£M)	Country
28 December 2021	Part of Hungarian operations of Vienna Insurance Group AG	Corvinus Nemzetközi Befektetési Zrt.	Vienna Insurance Group AG	295.03	Hungary
11 October 2021	UAB Aviva Lietuva	Allianz Holding eins GmbH	Aviva plc	Undisclosed	Lithuania
05 July 2021	MetLife's business activities in Poland and Greece	NN Group N.V.	Metlife, Inc	503.81	Poland and Greece
26 March 2021	Aviva Poland business	Allianz SE	Aviva plc	2117.97	Poland
11 February 2021	NN Pension Insurance Company EAD / all the assets and liabilities of NN Insurance	DZI Plc	NN Group N.V.	66.12	Bulgaria
05 January 2021	ERGO pojistovna, a.s.	S.V. Holding AG	ERGO Group	Undisclosed	Czech Republic
29 November 2020	Insurance, pension and asset management business	Vienna Insurance Group AG	AEGON N.V.	741.22	Hungary, Poland, Romania and Turkey
07 February 2020	AXA's operations in Central and Eastern Europe	UNIQA Insurance Group AG	AXA S.A.	902.73	Poland

<sup>3</sup> As defined by the Organisation for Economic Cooperation, CEE covers the following countries: Albania, Bulgaria, Croatia, Czechia, Hungary, Poland, Romania, the Slovak Republic, Slovenia, and the three Baltic States: Estonia, Latvia, and Lithuania. Source: S&P Global Market Intelligence and public data

## Central and Eastern Europe

### 2021 Overview

Central and Eastern Europe (CEE) had a particularly busy year in 2021, with 10 announced transactions. The table on the previous page lists the most notable CEE transactions. In 2021:

- Corvinus Nemzetközi Befektetési Zrt. (held by the Hungarian state) agreed to acquire a 45% stake in the Hungarian operations of Vienna Insurance Group AG (VIG) for €350 million. This was agreed during the approval process for the VIG / Aegon transaction that was announced in November 2020.
- Aviva announced its exit from the Polish and Lithuanian markets via two separate sales to Allianz. These deals follow Aviva's announcement in 2020 that it will focus on its core businesses in the UK, Ireland, and Canada.
- MetLife, Inc. sold its Polish (and Greek business) to Netherlands-based NN Group N.V. for €584 million. MetLife continues to streamline its global operations and focus on businesses with growth potential. NN Group N.V. has recently been under pressure from its investors and is seeking further scale and growth; this transaction consolidates NN Group's leading position in the Polish and Greek markets and aims to achieve cost synergies.

- In a separate transaction, NN Group divested its Bulgarian operations to DZI Plc (owned by the Belgian multinational insurer KBC Group N.V.), which was deemed to be non-core. NN Group confirmed that it remains focused and committed to CEE, being one of its key growth regions.
- German insurance group ERGO divested Czech insurer ERGO pojistovna, a.s. to German company SV Holding AG, expanding SV Holding's product offering and strengthening its international activities.

As with the majority of Europe, the COVID-19 pandemic has not been a primary driver of deals in CEE. The desire to simplify business models and divest non-core operations has been the general theme for the CEE M&A market in recent years. With regard to interest rates, it should be highlighted that the majority of CEE markets are not in the Eurozone and, although interest rates are low, they are typically higher than in the Eurozone. The CEE M&A market has therefore been less influenced by interest rates than other EU markets, where companies are keen to offload capital-intensive business with high guarantees. The CEE market is also typically more unit-linked-based than the Eurozone (without guarantees), and therefore the sale of back-books with high guarantees has not been such a pressing issue.

### Outlook

After a busy 2021, the CEE M&A market is expected to cool somewhat, partially due to the lack of available targets following the recent flurry of M&A activity.

Traditional buyers of life and health insurance in CEE are Generali, NN Group, VIG, Uniqa and Allianz (all multinational insurers) along with Polish state-owned insurer PZU. There is very limited private equity involvement in the CEE markets and this is expected to remain the case as the scale of CEE insurance is likely to be insufficient to interest most private equity firms, with the exception of a few very large CEE insurers.

## Belgium and Luxembourg — Announced transactions 2020-2021

Announcement date	Target or issuer	Buyer	Seller	Transaction value (£M)	Country
21 December 2021	Life insurance portfolio of AXA Belgium	Monument Assurance Belgium N.V.	AXA Belgium S.A.	Undisclosed	Belgium
09 October 2021	Life insurance portfolio from NN Insurance Belgium	Athora Belgium	NN Insurance Belgium	Undisclosed	Belgium
12 May 2021	AME Life Lux S.A.	Monument Assurance Luxembourg S.A.	Covéa Mutual Group Insurance Company	Undisclosed	Luxembourg
07 May 2021	Entire portfolio of Intégrale	Monument Assurance Belgium N.V.	Intégrale Insurance Services, S.A.	Undisclosed	Belgium
18 August 2020	Closed Book of Life Insurances and Mortgage Loans Portfolio	Monument Assurance Belgium N.V.	Allianz Benelux S.A.	Undisclosed	Belgium
13 January 2020	Employee Benefits business of Cardif Lux Vie S.A.	LA LUXEMBOURGEOISE Société Anonyme d'Assurances	Cardif Lux Vie S.A.	Undisclosed	Luxembourg

## Belgium and Luxembourg

### 2021 Overview

There were four announced life and health transactions in Belgium (3) and Luxembourg (1) during 2021. The Bermudan reinsurer Monument Re Ltd was the acquirer in three of the four transactions, via its subsidiaries in Belgium and Luxembourg, namely Monument Assurance Belgium N.V and Monument Assurance Luxembourg S.A. In 2021, Monument Re acquired:

- A closed book of life assurance business from AXA Belgium S.A. with Belgium GAAP (BEGAAP) provisions of €2.6 billion. AXA is focused on growing highly cash-generative businesses and is simplifying its business model; the primary driver for the sale was to remove legacy business from its balance sheet.
- Luxembourg-based insurer AME Life Lux S.A. from Covéa Mutual Group Insurance Co. The underlying business included high-guarantee rates and was seen as subscale by Covéa.
- The entire portfolio (including staff) of Belgian life insurer Intégrale S.A. Intégrale has been facing solvency and liquidity issues and was placed under regulatory supervision in 2020. A key driver of the sale was to protect the security of policyholder benefits.

Monument Re's shareholders include Hannover Re, the world's third-largest reinsurer, Enstar, a leading property and casualty (P&C) run-off consolidator that is listed on the New York Stock Exchange, and E-L Financial, the parent company of Canadian life insurer Empire Life.

The other deal of 2021 saw private equity-backed Athora Belgium announce that it is in exclusive negotiations with Netherlands-based NN Group for the acquisition of a €3.3 billion AuM closed life insurance portfolio from NN Insurance Belgium (a subsidiary of NN Group). The transaction is expected to complete by mid-2022. NN Group noted that the drivers for the proposed sale include a simplification of its IT structure in Belgium and to enable NN Group in Belgium to focus on its strategy to grow its protection and pension business. Completion of the transaction would mark Athora Belgium's first portfolio acquisition since it was acquired by Athora from Generali in 2019 (Athora Belgium was previously named Generali Belgium).

The COVID-19 pandemic has generally not been a primary driver of transactions in Belgium and Luxembourg, with insurers' solvency ratios remaining strong; however, as is the case for many European countries, the low interest rate environment is driving the need for insurers to divest non-core portfolios with high guarantees.

---

**“We expect to see further sales of high-guarantee portfolios, particularly those with guarantees of greater than 3% per annum.”**

---

### Outlook

We expect to see further sales of high-guarantee portfolios, particularly those with guarantees of greater than 3% per annum (p.a.) to firms such as Monument Re and Athora, which are expected to be the two top players in the Belgium and Luxembourg M&A markets.

The Belgium and Luxembourg life and health insurance market is extremely consolidated, with the top 15 insurers accounting for 96% of insurance provisions. There are some smaller and medium-sized firms that may be consolidation targets.

## Germany

### 2021 Overview

There were no announced life and health transactions in the German market during 2021. This was also the case for 2020.

The solvency of German insurers remained strong despite the volatility experienced during the COVID-19 pandemic, and distressed sales have not been necessary. However, German insurers continue to be profit and capital constrained by the low interest rate environment, as most insurers have to cope with legacy with-profit portfolios. While BaFin allowed insurers to recalculate the transitional measure in 2020, which helped to support solvency capital coverage ratios, the solvency ratios without transitional measures shrunk due to even lower market yields. In 2021 (and 2020), German insurers have concentrated on internal processes and digitalisation initiatives instead of pushing forward strategic dispositions of non-core portfolios. This is to some extent due to the COVID-19 pandemic, which has put certain strategic decisions on hold.

### Outlook

The 2019 sale by Generali of an 89.9% stake in German insurer Generali Lebensversicherung to the specialist consolidator Viridium Group (which is backed by private equity firm Cinven and Hannover Re) was seen as game-changing at the time and was expected to be a catalyst for further transactions,

particularly those involving private equity backing following the regulator approval of the private equity involvement under the Generali sale. The German regulator BaFin issued a press release on the Generali / Viridium sale, which noted that the deal had been subject to intensive examination, and that the regulator must be convinced that the “acquirer has, among other things, appropriate structures and plans for the continuation and development of the company.”

---

“There is expected to be a high demand for German business, particularly for any significantly sized portfolios that become available.”

---

Despite this landmark deal, the expected breakthrough in transactions has not yet been achieved in Germany, although this can in part be attributed to the pause in strategic decisions during the COVID-19 pandemic. However, 2022 is expected to be a busy year for life and health insurance M&A in Germany; it is likely to be one of the most active markets in Europe. There is a backlog of transactions from the pandemic and several blocks of business are rumoured to be up for sale, some of which are significant in size. For example, Zurich has been rumoured to be considering the sale of its German subsidiary Zurich Deutscher Herold Lebensversicherung AG.

It should be noted that the German market remains relatively unconsolidated, with the consolidation market in Germany being in its infancy stages

relative to other European markets. There are a few existing specialist run-off firms (most of which are backed by private equity) that are patiently waiting for opportunities to come to the market, and we expect to see interest from potential new entrants. The German market includes several insufficiently sized insurers, many of which are using outdated and inefficient IT systems, and these firms will need to seek a merger or acquisition in the short term. We expect to see several closed-book transactions in the next few years, although it should be pointed out that recent attempted closed-book consolidation deals have been subject to significant public scrutiny in Germany, particularly those involving private equity-backed firms. It remains to be seen whether the extent of public scrutiny will continue to be a barrier for future transactions in Germany, or whether the BaFin approval of the Generali / Viridium deal has set a precedent. The installation of a new government in Germany in December 2021 may well have a bearing on the future review and approval of life and health insurance transactions.

There is expected to be a high demand for German business, particularly for any significantly sized portfolios that become available. Private equity-backed firms such as Athora and the specialist consolidators Viridium and Frankfurter-Leben Group (backed by Fosun International) are expected to continue to show interest in German deals. There are also a couple of smaller private equity firms and reinsurers that are investigating the market. The myLife insurance company owned by Inlife Holding AG, Zurich, has already acquired smaller portfolios that would not be sufficiently attractive for the three big players.

## Netherlands — Announced transactions 2020-2021

Announcement date	Target or issuer	Buyer	Seller	Transaction value (£m)
25 November 2021	Robein Leven N.V.	Waard Leven N.V.	Monument Insurance Group Limited	10.92
20 May 2021	Yarden Holding B.V.	DELA Holding N.V.	Yarden Holding B.V.	Undisclosed
30 March 2021	Dutch insurance portfolio of Brand New Day Levensverzekeringen N.V.	Waard Leven N.V.	Brand New Day Levensverzekeringen N.V.	Undisclosed
07 July 2020	Leidsche Verzekering Maatschappij N.V.	De Goudse N.V.	Reinsurance Group of America, Incorporated	Undisclosed

# Netherlands

## 2021 Overview

The Dutch life and health insurance M&A market picked up in 2021 following a pandemic hit 2020. Three deals took place:

- The Dutch-based consolidator Waard Leven, a subsidiary of UK-based and London Stock Exchange-listed insurer Chesnara, acquired Robein Leven, a closed-book specialist provider of annuities as well as traditional and linked savings, from Monument Insurance Group. This continues a string of recent Dutch acquisitions by Waard Leven, which has stated an intent to look for further deals in the Netherlands.
- Cooperative firm DELA Holding acquired struggling funeral insurer Yarden Holding, which has been on the brink of collapse in recent years. This deal included the full book of Yarden's c. €1 million policyholders in the Netherlands.
- Waard Leven also acquired the Netherlands portfolio of Brand New Day, completing the latter's exit from the Dutch life insurance market.

The COVID-19 pandemic has not been a primary driver of M&A activity in the Netherlands, though Dutch insurers have – as elsewhere – been impacted by falling asset values, increased volatility, and increasing credit risks experienced by capital markets as a result of the pandemic's economic effects. Insurers in the Netherlands are typically well capitalised, with substantial buffers in excess of Solvency II requirements, and have been able to weather the impact of the COVID-19 pandemic.

## Outlook

Dutch insurers have typically remained well capitalised during the pandemic; however, a few insurers are struggling to maintain a healthy Solvency Capital Requirement (SCR) ratio, and the low interest rate environment will continue to put pressure on these insurers. The Dutch insurance market features relatively long-duration liabilities on average when compared to some other European markets, and therefore Dutch insurers are particularly vulnerable to low interest rates, especially firms with funeral insurance business. A number of Dutch insurers are also exposed to relatively high interest rate guarantees on legacy business. The low interest rate environment may lead to “distressed” transactions, particularly for smaller insurers, such as the DELA-Yarden deal in 2021.

The Dutch life and health insurance market is heavily consolidated, with the five largest firms by market share controlling approximately 90% of the total market as of 2021. However, there may be some appetite for further consolidation and transfer of non-core / back-book business, particularly that sourced from the smaller insurers.

---

“Demand is expected to remain high for Dutch business from both private equity-backed firms and traditional insurers.”

---

Demand is expected to remain high for Dutch business from both private equity-backed firms and traditional insurers. A few private equity companies are active in the Dutch life insurance M&A market, including Athora (via VIVAT, which it acquired in 2019) and Sixth Street Partners (via LifeTri). Chesnara, via its consolidator subsidiary Waard Leven, has publicly stated its intention to seek further acquisitions in the market following several recent purchases, and Dutch insurer A.S.R. Nederland, which is listed on the Euronext stock exchange, is understood to have built up capital in recent years for acquisitions following a quiet 2020 and 2021 from a life and health M&A point of view. Despite its recent sale of Robein Leven, Monument Re is expected to show interest in future deals in the Netherlands.

## Ireland — Announced transactions 2020-2021

Announcement date	Target or issuer	Buyer	Seller	Transaction value (£m)
13 July 2021	Ark Life Assurance Company Dac	Irish Life Group Limited	Phoenix Group Holdings plc	194.33
03 March 2021	Variable annuity portfolio	Monument Life Insurance DAC	Athora Holding Ltd.	Undisclosed
30 November 2020	Portfolio of Unit-Linked International Portfolio Bond Policies of Zurich Life As	Monument Life Insurance DAC	Zurich Insurance plc	Undisclosed

# Ireland

## 2021 Overview

The Irish life and health insurance markets experienced a reasonably quiet period of M&As in 2021. There were two announced transactions:

- Phoenix sold closed-book business Ark Life (acquired in 2020 as part of its acquisition of Swiss Re's ReAssure Group) to Irish Life Group. Phoenix said the transaction will simplify its European operations and accelerate cash release for redeployment into higher-return opportunities.
- Private equity-backed firm Athora agreed to sell the variable annuity portfolio of its wholly owned subsidiary Athora Ireland plc to Monument Re's Dublin subsidiary Monument Life Insurance DAC for an undisclosed fee. Following the sale, Athora Ireland stated its intention to focus on developing Athora's reinsurance business. The underlying variable annuity portfolio, which predominantly consisted of policyholders in the UK, comprised approximately €1 billion of assets under management.

A sale of Standard Life International by Phoenix was also expected earlier in 2021, although Phoenix subsequently decided against a sale and has hinted that it will be used as a platform for further European expansion.

The COVID-19 pandemic was not a significant factor in transaction activity during 2021. In general, the impact of COVID-19 on Irish life and health insurers was limited to its secondary effects on capital markets and asset prices.

## Outlook

Significant levels of activity are not expected in the Irish market in the short term, given an overall lack of obvious targets, the general lack of material impacts to Irish life and health insurers from COVID-19, and the low interest rate environment, with Irish insurers being generally less exposed to the low interest environment than their counterparts in Continental Europe.

There remains strong interest in Irish life and health business from private equity firms and traditional insurers. Several consolidators are active in the Irish life insurance market, including Monument Re (whose shareholders include Hannover Re) and private equity-backed Utmost, both of which have acquired a number of businesses and portfolios in Ireland over recent years (although Utmost has been inactive since 2018). The insurer Irish Life (a subsidiary of Canada's Great-West Lifeco) has been active in Ireland over a number of years, most recently acquiring Ark Life in 2021.

Private equity-backed firm Athora also has a presence in Ireland after having acquired Aegon Ireland in 2018, although Athora has indicated it will focus on growing its European reinsurance businesses following the sale of its variable annuity portfolio to Monument Re (completed January 2022).

We are aware of additional private equity interest for Irish business, with potential new entrants being involved in recent bidding processes.

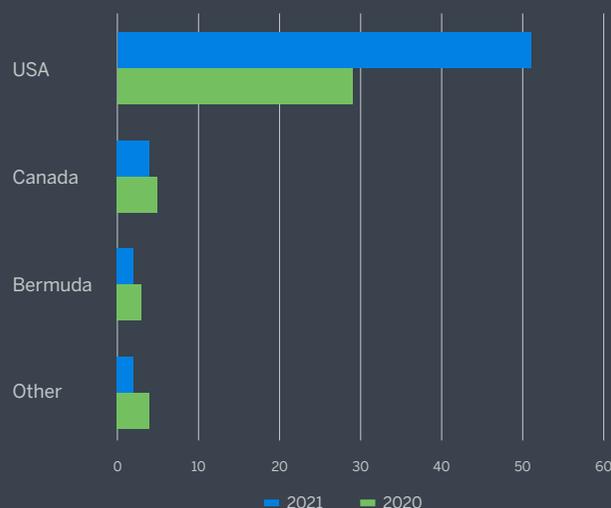
A number of Irish deals have fallen through in recent years, such as AXA's attempted sale of its life business in Ireland to Cinven in 2018, and these previously attempted sales could well resurface in the near future. The recent uptick in interest rates from their recent historic lows could be a catalyst for future sales of Irish business, particularly those involving variable annuity business.

# North America



## 2021 Overview and Outlook

### No. of announced life and health transactions – North America



### 2021 Overview

M&A activity remained high in North America in 2021, consistent with the ramp-up of activity that was seen in Q3 2020. Despite new challenges and questions resulting from the COVID-19 pandemic, M&A life and annuity activity is at a 15-year high.

The North American life and health M&A market has historically been dominated by US companies or multinational companies with US operations. Buyers have varied but are generally based in the US, with many having operations in Bermuda and some in the Cayman Islands. In 2021, the number of publicly announced transactions increased by 44% to 59. The number of North American transactions contributed to approximately 34% of all global life and health M&A transactions publicly announced in 2021. Total publicly announced deal values in North America increased by 281% to c. £26.9 billion (c. \$37.0 billion) in 2021.

Increased activity levels in North America can be partially attributed to the increase in demand driven by the entrance of private equity and asset manager firms in the marketplace. This new class of buyers has historically focused on annuity and Pension Risk Transfer (PRT) blocks. Access to sophisticated investment capabilities and alternative investment classes has allowed for more competitive pricing, in addition to the opportunity to leverage Bermuda and other offshore structures.

Many companies are focusing on core segments and the divestiture of capital-intensive business in order to optimise their balance sheets. The opportunity for strategic partnerships, alternative asset management and the strong demand in the marketplace has led to increased motivation to explore M&A prospects.

The potential for a reduced total asset requirement and increased investment flexibility has led to large levels of activity with companies that have a presence in Bermuda. The potential for less conservative reserve and capital requirements means companies are able to release capital that can then be deployed for other purposes.

Traditional insurance consolidators, motivated by cost synergies and market share, continue to have a presence in the M&A marketplace.

### Outlook

M&A activity in the North American life and health insurance industry in 2022 is likely to remain high due to the elevated level of demand from both private equity / asset manager firms and strategic companies, and supply from US companies seeking to financially restructure. Although rising interest rates may lead to higher prices, the favourable impact on blocks with high interest rate guarantees may also lessen the desire to sell those blocks.

## Top 10 publicly announced deal sizes in 2021 — North America

Announcement date	Target or issuer	Buyer	Seller	Transaction value (£m)	Transaction value (\$m)	Country
8 March 2021	Athene Holding Ltd.	Apollo Global Management, Inc.	Athene Holding Ltd.	8,563.29	11,595.20	Bermuda
9 August 2021	American National Group, Inc.	Brookfield Asset Management Reinsurance Partners Ltd.	American National Group, Inc.	3,685.13	5,110.51	USA
26 January 2021	Allstate Life Insurance Company	The Blackstone Group Inc.	The Allstate Corp.	3,105.39	4,250.00	USA
21 July 2021	Full Service Retirement business	Great-West Life & Annuity Insurance Company	Prudential Financial, Inc.	2,608.22	3,550.00	USA
27 January 2021	Great American Life Insurance Company	Massachusetts Mutual Life Insurance Company	American Financial Group, Inc.	2,468.62	3,500.00	USA
14 July 2021	SAFG Retirement Services, Inc.	Blackstone Inc.	American International Group, Inc.	1,608.90	2,200.00	USA
28 January 21	Jackson Financial Inc.	Public spin-off	Prudential plc	1,274.95	1,765.54	USA
15 September 2021	Prudential Annuities Life Assurance Corporation	Fortitude Reinsurance Company Ltd.	Prudential Financial, Inc.	1,083.11	1,500.00	USA
9 March 2021	Global Preeed	CUNA Mutual Holding Company	Assurant, Inc.	970.80	1,350.00	USA
23 March 2021	Ohio National Mutual Holdings, Inc.	Constellation Insurance Holdings, Inc.	Ohio National Mutual Holdings, Inc.	721.27	1,000.00	USA

## Private equity, asset managers, and other consolidators — Key players in North America

Company	Parent company	Transactions publicly announced in 2020-2021	Assets under management (\$bn)
Talcott Resolution Life Insurance Company	Sixth Street Partners	2	110
The Blackstone Group Inc.	The Blackstone Group Inc.	2	73
Venerable Insurance and Annuity Company	Apollo Global Management, Inc.	2	59
Constellation Insurance Holdings, Inc.	Constellation Insurance Holdings, Inc.	1	41
Fortitude Reinsurance Company Ltd.	The Carlyle Group / T&D Insurance Group	1	31
Athene Holding Ltd.	Apollo Global Management, Inc.	1	27
Brookfield Asset Management Reinsurance Partners Ltd.	Brookfield Asset Management Reinsurance Partners Ltd.	1	24
Resolution Life US Holdings Inc.	Resolution Life Group Holdings LP	2	24
Global Atlantic Financial Group Limited	KKR & Co. Inc.	1	8
Wilton Re US Holdings, Inc.	Canada Pension Plan Investment Board (CPPIB)	2	6
Aspida Holdings, Ltd.	Ares Management Corporation	1	2

## Private equity, asset managers, and other consolidators



### 2021 Overview

Private equity firms, asset managers, and consolidators continued to expand their foothold in the US life and annuity sector in North America. The firms are attracted to these transactions as a source of fee revenue for managing the assets. In turn, they are providing insurance companies with access to alternative asset classes, which can enable a significant increase in portfolio yields. Additionally, private equity firms and asset managers tend to utilise Bermuda and other offshore structures. Highlights of the larger transactions are as follows:

- Sixth Street acquired Talcott Resolution in 2021 and is establishing acquisition capabilities with the flow reinsurance deal on Lincoln's variable annuity business.
- Blackstone had two significant transactions in 2021 with the acquisition of the Allstate Life business and the strategic partnership with AIG.
- The Apollo and Athene merger was announced in 2021. The two companies have both been successful in the M&A space and the merger solidifies their strong platform.

- Brookfield has a strategic partnership with American Equity with both in-force and flow reinsurance deals. In 2021, Brookfield announced purchase of American National for c. £3.7 billion (c. \$5.1 billion).
- Fortitude Re announced the acquisition of the PALAC block of legacy variable annuities in 2021, which represents 17% of Prudential's annuity block.

### Outlook

The private equity expansion in the North American life and annuity space does not appear to be slowing down. The level of activity with both in-force and new business deals is likely to continue with both key players and new entrants to the marketplace.

## US — Key transactions announced in 2021

Announcement date	Buyer deal	Seller	Line of business	Block deal	Strategic / distribution	Transaction value (£m)	Transaction value (\$m)
8 March 2021	Apollo Global Management, Inc.	Athene Holding Ltd.			X	8,563.29	11,595.20
9 August 2021	Brookfield Asset Management Reinsurance Partners Ltd.	American National Group, Inc.			X	3,685.13	5,110.51
26 January 2021	The Blackstone Group Inc.	The Allstate Corporation	Life	X		3,105.39	4,250.00
21 July 2021	Great-West Life & Annuity Insurance Company	Prudential Financial, Inc.	Retirement Services		X	2,608.22	3,550.00
27 January 2021	Massachusetts Mutual Life Insurance Company	Great American Life Insurance Company			X	2,468.62	3,500.00
14 July 2021	The Blackstone Group Inc.	American International Group, Inc.	Minority Interest	X		1,608.90	2,200.00
28 January 2021	Public spin-off	Jackson Financial Inc.			X	1,274.95	1,765.54
15 September 2021	Fortitude Reinsurance Company Ltd.	Prudential Financial, Inc.	VA	X		1,083.11	1,500.00
9 March 2021	CUNA Mutual Holding Company	Assurant, Inc.	Pre-need		X	970.80	1,350.00
23 March 2021	Constellation Insurance Holdings, Inc.	Ohio National Mutual Holdings, Inc.			X	721.27	1,000.00

## US — Key transactions announced in 2021

Announcement date	Buyer deal	Seller	Line of business	Block deal	Strategic / distribution	Transaction value (£m)	Transaction value (\$m)
29 March 2021	Wilton Re US Holdings, Inc.	The Allstate Corporation (New York)	Life	X		296.26	400.00
17 September 2021	Resolution Life US Holdings Inc.	Lincoln National Corporation	Executive Benefit / UL	X		Undisclosed	Undisclosed
20 January 2021	Sixth Street Partners	Talcott Resolution Life Insurance Company			X	Undisclosed	Undisclosed
23 July 2021	Global Atlantic Financial Group Limited	Ameriprise Financial, Inc.	FA / FIA	X		Undisclosed	Undisclosed
3 December 2021	Resolution Life US Holdings Inc. / Talcott Resolution Life Insurance Company*	Allianz Life Insurance Company of N.A.*	FA	X		Undisclosed	Undisclosed
15 November 2021	Venerable Insurance and Annuity Company*	Manulife Financial Corporation*		X		Undisclosed	Undisclosed

### 2021 Overview

Fixed annuity business continued to be a focus of M&A activity, but there was also an increase in activity for other lines of business. Allstate's divestiture of its life insurance operations to Blackstone and Wilton Re and Lincoln's transaction with Resolution covering its unit-linked and variable unit-linked block both took place in 2021. There has also been an uptick in variable annuity activity in recent years. Both the Fortitude Re / Prudential transaction and the Venerable / Manulife transaction were announced in 2021. Additionally, there have been two significant retirement services transactions involving Great West / Empower over the past two years, with the acquisition of the Prudential retirement services announced in 2021. Retirement services has been the focus for Great West / Empower beginning with the divestiture of its individual life and annuity operations to Protective in 2019.

As shown in the table above, transaction activity involved a mix of block deals and strategic / distribution deals where new business capabilities were a key component of the transaction.

## Bermuda

### Activity level in Bermuda continues to grow

#### 2021 Overview

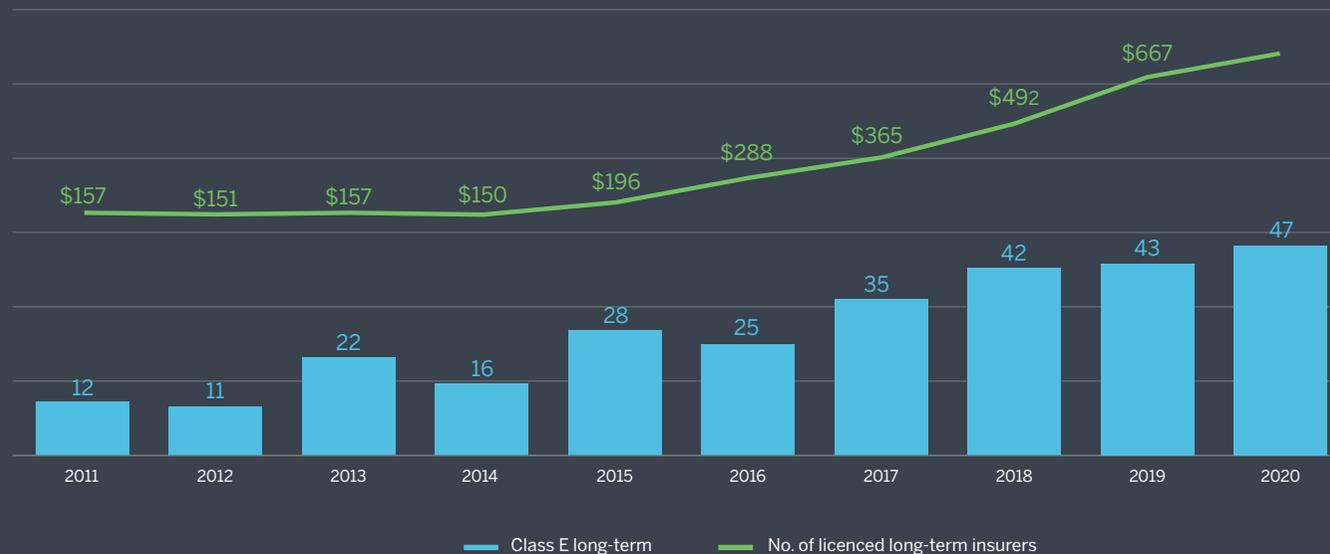
There have been large levels of growth in the life and annuity space in Bermuda in recent years and the Bermuda regime is beginning to attract life insurance blocks from Europe and Asia, in addition to the US. The vast majority of transactions involving fixed annuities have resulted in reinsurance to operations in Bermuda. Other lines of business have utilised the Bermuda reinsurance framework, but the focus on Bermuda is not as prominent as it is with the fixed annuity lines.

#### Outlook

There are many reasons why companies are choosing Bermuda, including increased investment flexibility, balance sheet strengthening, a regulator that is easy to work with and accessible, and the existing support network for insurance companies. Existing reinsurers and asset managers continue to have a strong presence in Bermuda and appear to be ready to deploy capital in this space. Additionally, a number of traditional life insurance companies have also started to explore strategic opportunities in Bermuda and it is likely that this trend will continue in the future.

#### Significance of long-term sector in Bermuda

Assets under management of long-term insurers (C,D,E) \$ USD billions

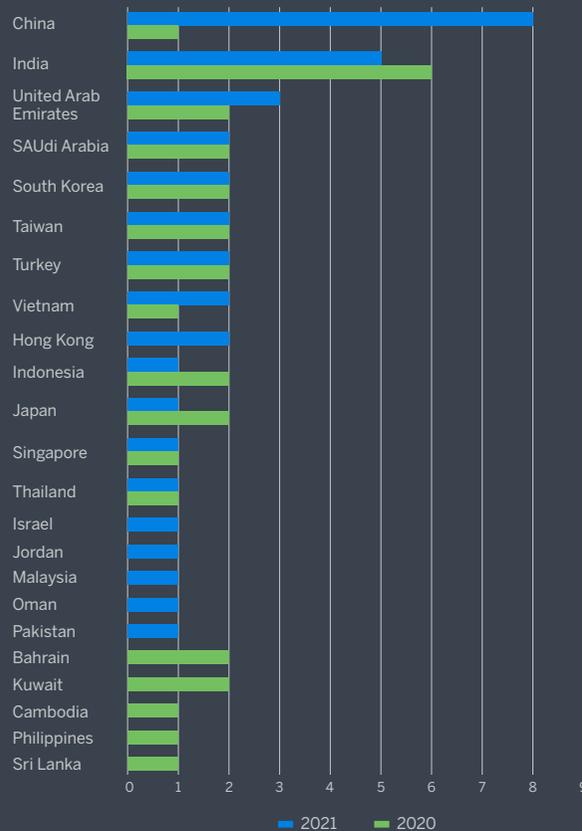


# Asia



## 2021 Overview and Outlook

### No. of announced life and health transactions – Asia



### 2021 Overview

Asia saw a large uptick in announced life and health transactions in 2021, following dampened activity in 2020.

In 2021, the number of announced Asia-based transactions increased year on year by 19% to 37.

The number of Asia transactions contributed to approximately 21% of all global life and health M&A transactions announced in 2021.

Total publicly announced deal values in Asia increased by 129% to £11.9 billion in 2021.

China has been the most active market in terms of the number of announced transactions (8) in 2021, which saw some large announced deals, including AIA Group's agreed acquisition of a 24.99% stake in China Post Life Insurance.

Life and health M&A in Asia typically involves acquisitions of stakes in insurers and acquisitions of entire insurers, rather than transfers of individual insurance portfolios. Consolidators that focus on the acquisition of back-book legacy portfolios are generally nonexistent.

The COVID-19 pandemic has generally had limited impact on life and health M&A in Asia, although some sales processes have been affected due to the logistical challenges of COVID-19 restrictions.

### Outlook

M&A activity in the Asian life and health market is expected to remain high.

Several Asian markets are subject to low interest rates, which has led to capital constraints, particularly for insurers with investment guarantee business. This is expected to drive deals going forward, although it should be noted that interest rates are trending up in some areas.

In recent years, there has been a trend in the allowable level of foreign investment in Asian insurers. In particular, regulators in China and India have recently increased foreign investment caps and we expect to see further foreign investment in these markets.

Several regulators in the region are introducing new RBC / Insurance Capital Standard (ICS) regimes or "upgrading" existing RBC frameworks to be more in line with global solvency standards. These regime changes will in some cases have significant impacts on insurers' capital requirements, which will ultimately lead to changes in insurers' strategies and drive future M&A.

The impacts of IFRS 17, which is due to be adopted in several Asian markets, albeit at different times, is also likely to be a key driver of transactions in the future.

## Top 10 publicly announced deal sizes in 2021 – Asia

Announcement date	Target or issuer	Buyer	Seller	Transaction value (£m)	Country
07 October 2021	Personal Accident, Supplemental Health and Life Insurance Business in Hong Kong, Indonesia, Korea, New Zealand, Taiwan, and Thailand as well as Cigna's 51% interest in a joint-venture in Turkey.	Chubb Limited	Cigna Corporation	4,242.01	Hong Kong, Indonesia, Korea, New Zealand, Taiwan, Thailand, and Turkey
12 August 2021	China Life Insurance Co., Ltd.	China Development Financial Holding Corporation	NA	1,972.78	Taiwan
29 June 2021	Minority stake in China Post Life Insurance Company Limited	AIA Company Ltd.	China Post Life Insurance Company Limited	1,377.20	China
11 April 2021	AIAhli Takaful Company	Arabian Shield Cooperative Insurance Company	NA	1,063.33	Saudi Arabia
03 September 2021	Exide Life Insurance Company Limited	HDFC Life Insurance Company Limited	Exide Industries Limited	631.59	India
24 March 2021	BEA Life Limited and a legacy portfolio of life insurance policies underwritten by Blue Cross (Asia-Pacific) Insurance Limited	AIA Group Limited	The Bank of East Asia, Limited	473.39	Hong Kong
16 August 2021	AXA Insurance Pte Ltd.	HSBC Insurance (Asia-Pacific) Holdings Limited	AXA S.A.	388.03	Singapore
27 December 2021	Huatai Insurance Group Co., Ltd.	Chubb INA Holdings Inc.	Chongqing Contemporary Gravel Industrial Development Co., Ltd.	288.62	China
19 November 2021	Huatai Insurance Group Co., Ltd.	Chubb INA Holdings Inc.	Tianfeng Tianrui Investment Co., Ltd.	210.11	China
24 May 2021	New China Life Insurance Company Ltd.	Undisclosed buyer	Swiss Re AG	206.67	China

## Private equity and private asset managers in Asia

### Key private equity players

Country	Private Equity company
India	Warburg Pincus LLC
	Temasek Holdings*
	GIC Private Limited**
Singapore	TPG Inc
	The Blackstone
	Group Inc
	Temasek Holdings*
	GIC Private Limited**
	KKR & Co. Inc
South Korea	JC Partners Co., Ltd
	JKL Partners Inc

### 2021 Overview

Private equity generally has a more limited role in Asian life and health insurance M&A when compared to the European and North American markets.

Private equity investment in key markets such as China, Hong Kong, Taiwan, and Japan is either low or nonexistent for one reason or another, although private equity firms are beginning to show increased levels of interest.

Other markets such as South Korea, India, and Singapore have more mature levels of private equity investment. In 2021, JC Partners Co. agreed to acquire a majority stake in South Korean insurer Korea Development Bank.

### Outlook

Private equity firms are showing increasing levels of interest in Asian life and health insurance business, although this demand is somewhat dampened by regulatory apprehensiveness in some areas.

We are aware of several private equity firms looking to enter key Asian markets or increase their levels of exposure.

\* Temasek is a Singaporean state-owned investment company.

\*\* GIC is a Singaporean sovereign wealth fund that is responsible for managing the Singaporean government's reserves.

## China — Announced transactions 2020-2021

Announcement date	Target or issuer	Buyer	Seller	Transaction value (£m)
27 December 2021	Huatai Insurance Group Co., Ltd.	Chubb INA Holdings Inc.	Chongqing Contemporary Gravel Industrial Development Co., Ltd.	288.62
20 November 2021	Huatai Insurance Group Co., Ltd.	Chubb INA Holdings Inc.	Humanwell Healthcare (Group) Co., Ltd.	119.23
19 November 2021	Huatai Insurance Group Co., Ltd.	Chubb INA Holdings Inc.	Tianfeng Tianrui Investment Co., Ltd.	210.11
04 August 2021	Sunshine Insurance Group Company Limited	Nanjing Iron & Steel Co., Ltd.	Shenzhen Linfeng Investment Holdings Co., Ltd.	155.71
29 June 2021	Dingcheng Life Insurance Co., Ltd.	Hongdou Group Co., Ltd.	Shin Kong Life Insurance Co., Ltd.	51.59
29 June 2021	Minority stake in China Post Life Insurance Company Limited	AIA Company Ltd.	China Post Life Insurance Company Limited	1377.20
24 May 2021	New China Life Insurance Company Ltd.	Undisclosed buyer	Swiss Re AG	206.67
05 February 2021	Allianz China Life Insurance Company Limited	Allianz China Insurance Holding Limited	CITIC Trust Co., Ltd.	Undisclosed
04 May 2020	HSBC Life Insurance Company Ltd.	HSBC Insurance (Asia) Limited	National Trust Co., Ltd.	Undisclosed

# China

## 2021 Overview

Following a quiet 2020, China had a busy year of life and health insurance M&A in 2021, with eight announced transactions, the most of any Asian country. All transactions in 2021 were acquisitions of stakes in insurers rather than purchases of insurance portfolios or entire insurers. To summarise the key transactions:

- Three out of the eight announced transactions involved Chubb entering into agreements to acquire additional shares in multiline insurer Huatai Insurance, as part of its strategy to expand its Asian operations. Following these deals, Chubb will be the majority shareholder of Huatai Insurance.
- Steel producer Nanjing Iron & Steel Co. agreed to acquire a minority stake in Sunshine Insurance Group from Shenzhen Linfeng Investment Holdings for CNY 1.4 billion.
- Apparel and luxury goods company Hongdou Group agreed to acquire a 25% stake in multiline insurer Dingcheng Life Insurance from Shin Kong Life Insurance Co. for approximately CNY 460 million.
- Zurich-based Swiss Re sold its remaining 7.53% stake in Beijing-based New China Life Insurance to an undisclosed buyer. This follows significant Swiss Re losses in 2020.

- Under the largest Chinese deal in 2021, Hong Kong-based insurer AIA Group agreed to acquire a 24.99% stake in bank-affiliated insurer China Post Life Insurance via a private share placement worth approximately CNY 12.0 billion. AIA announced its intention to increase its exposure to growth opportunities in the Chinese life insurance market, and it will support China Post Life in accelerating its strategic aim to grow its share of distribution through Postal Savings Bank of China and move towards long-term savings with protection products to meet the evolving needs of Chinese customers. The two companies also agreed to explore additional business opportunities under a business cooperation framework agreement.
- Allianz China Insurance Holding converted its Allianz China Life Insurance joint-venture with Beijing-based CITIC Trust into a wholly owned subsidiary, by acquiring the remaining 49% in Allianz China Life Insurance from CITIC Trust for an undisclosed fee. Allianz Group noted that this transaction demonstrates its commitment to the Chinese market.

In another development, HSBC announced that the China Banking and Insurance Regulatory Commission (CBIRC) approved the conversion of its joint-venture HSBC Life Insurance into a wholly owned foreign insurer by acquiring a 50% stake from National Trust. This transaction was initially announced in May 2020, following a reduction by the CBIRC in foreign ownership limits in joint-venture life insurers.

The COVID-19 pandemic had a limited effect on Chinese insurers and the life and health M&A market during 2021.

## Outlook

The Chinese life and health market is expected to remain busy in 2022. We expect to see a number of minority and majority stake acquisitions by private domestic and state-owned enterprises, continuing the trend from previous years. There is not yet a consolidation market in China; this is not expected to change imminently, although any consolidation deal could create a domino effect in the market. Private equity firms have relatively limited exposure to the Chinese life and health market.

China is in the relatively early stages of a low interest rate environment. Interest rates have been gradually declining over the past 10 years, with recent decreases being a direct result of the economic impacts of the pandemic. Interest rates are not as drastically low as some other global markets, such as those in the Eurozone, with Chinese interest rates hovering just under 4%. The life and health M&A market in China has not generally been affected by the decline in interest rates; however, future transaction activity could be seen, such as divestments from insurers if profits continue to be constrained.

## Hong Kong — Announced transactions 2020-2021

Announcement date	Target or issuer	Buyer	Seller	Transaction value (£m)
07 October 2021	Personal Accident, Supplemental Health and Life Insurance Business in Hong Kong, Indonesia, Korea, New Zealand, Taiwan, and Thailand as well as Cigna's 51% interest in a joint-venture in Turkey.	Chubb Limited	Cigna Corporation	4242.01 (all business acquired)
24 March 2021	BEA Life Limited and a closed block of life insurance policies underwritten by Blue Cross (Asia-Pacific) Insurance Limited.	AIA Group Limited	The Bank of East Asia, Limited	473.39

## Hong Kong



### 2021 Overview

The life and health insurance M&A market in Hong Kong experienced a relatively quiet 2021. There were two notable announced transactions.

- The Bank of East Asia (BEA) sold a 100% stake in its wholly owned subsidiary BEA Life along with a small closed block of life insurance policies underwritten by Blue Cross (Asia-Pacific) Insurance to publicly listed insurance group AIA Group. Under the transaction, BEA also announced a 15-year bancassurance partnership with AIA Group covering Hong Kong and mainland China. BEA will distribute AIA's life and long-term savings products on an exclusive basis to its retail banking customers. BEA decided to sell BEA Life in 2020 following a strategic review, with the key aims of the sale reportedly being an enhancement of the bank's financial position and a focus on its core banking operations in Hong Kong and mainland China. Following the completion of the transaction in September 2021, BEA Life was renamed AIA Everest Life Company. AIA Group noted that the transaction enables access to the BEA customer base, and strengthens its competitive advantage in the Guangdong-Hong Kong-Macau Greater Bay Area (GBA), an area where BEA has significant exposure and one of the largest banking networks.

- Cigna Corporation announced the sale of its personal accident, supplemental health and life business in seven markets, including Hong Kong, to Chubb Limited. This came after a strategic review, with the key aim for Cigna to focus its strategy on its global health portfolio. The transaction will increase Chubb's balance sheet in Asia-Pacific, with a positive impact on scale (total premiums are expected to increase from USD 4 billion to USD 7 billion).

Large life insurers based in Hong Kong have typically remained well capitalised during the COVID-19 pandemic, although new business sales have been negatively impacted. The pandemic has slowed down some transaction processes due to logistical challenges and geopolitical tensions, and appetite from some potential buyers has been dampened, partially due to the sharp drop in mainland China visitor sales in Hong Kong as a result of cross-border travel restrictions. The pandemic has, however, led to a greater interest in businesses with digital distribution capabilities.

## Hong Kong

---

“A new RBC regime is due to be implemented for Hong Kong insurers from 2024, with early adoption possible on approval. This new regime will likely lead to evaluation of product and investment strategies and capital management considerations, and some insurers may require capital injections to maintain a healthy solvency ratio.”

---

### Outlook

2020 and 2021 have been relatively quiet years for M&A activity in the life insurance market in Hong Kong, but there are a number of drivers that could potentially trigger increased M&A activity in the near term.

Some M&A processes previously presented to the market have stalled for one reason or another. They could be revived and/or accelerated in 2022.

Upcoming regulatory changes may act as a catalyst for M&A activity. A new RBC regime is due to be implemented for Hong Kong insurers from 2024, with early adoption possible on approval. This new regime will likely lead to evaluation of product and investment strategies and capital management considerations, and some insurers may require capital injections to maintain a healthy solvency ratio. Akin to when Solvency II was introduced, there will be winners and losers from the introduction of this RBC regime, and it is likely to be a factor influencing future transactions. The introduction of IFRS 17 may also lead to some life insurers deciding to sell part, or all, of their portfolios. We could also see M&A activity in the Mandatory Provident Fund (MPF) segment as a result of the planned introduction of the new eMPF platform over the coming years. This centralised administration platform will lead to downward pressure on charges and could lead to increased consolidation and potential new entrants.

The primary buyers of Hong Kong life insurance business have historically been traditional insurers. Private equity firms currently have relatively limited ownership of Hong Kong life insurers, although some prominent private equity firms have been assessing market opportunities in recent times. However, private equity firms continue to face regulatory approval challenges for acquisitions of life insurance business in Hong Kong. In recent years, there has been significant interest from asset management companies and property developers in entering the life insurance markets in Hong Kong. Some of these companies are based in mainland China and see opportunities for synergies within the GBA.

## India — Announced transactions 2020-2021

Announcement date	Target or issuer	Buyer	Seller	Transaction value (£m)
06 December 2021	Future Generali India Life Insurance Company Limited	Generali Participations Netherlands N.V.	Industrial Investment Trust Limited	22.31
04 October 2021	PNB MetLife India Insurance Company Limited	MetLife International Holdings LLC	Investor Group	189.38
03 September 2021	Exide Life Insurance Company Limited	HDFC Life Insurance Company Limited	Exide Industries Limited	631.59
19 June 2021	HDFC ERGO General Insurance Company Limited	HDFC Bank Limited	Housing Development Finance Corporation Limited	186.31
08 May 2021	HDFC ERGO General Insurance Company Limited	ERGO International AG	Housing Development Finance Corporation Limited	23.08
28 April 2020	Max Life Insurance Company Ltd.	Axis Bank Ltd.	Max Financial Services Limited	Undisclosed
08 April 2020	IDBI Federal Life Insurance Company Limited	Federal Bank Ltd.	IDBI Bank Ltd.	8.97
08 April 2020	IDBI Federal Life Insurance Company Limited	Ageas S.A. / N.V.	IDBI Bank Ltd.	52.94
03 March 2020	Max Life Insurance Company Ltd.	Max Financial Services Limited	Mitsui Sumitomo Ins Co., Ltd.	421.87
10 January 2020	Star Health and Allied Insurance Company Limited	Roc Capital Pty Limited	Snowdrop Capital PTE. Ltd.	Undisclosed

# India

## 2021 Overview

The life and health insurance M&A market in India saw a reasonable volume of transactions in 2021, in line with recent years. There were five announced transactions in 2021:

- Italian-based Generali (via Generali Participations Netherlands N.V.) agreed to purchase an additional 16% stake in its joint-venture insurer Future Generali India Life from Industrial Investment Trust Limited. This forms part of Generali's strategic direction of positioning itself in high-growth markets, and is a direct consequence of the 2021 increase in allowable foreign investment in Indian insurers (see below for further detail).
- MetLife International Holdings entered into an agreement to acquire an additional 15.27% shareholding in joint-venture bancassurer PNB MetLife from a group of investors, which would increase its holding to 47.3%. This deal was the first instance of a foreign investor increasing its investment in an Indian insurer following the increase in allowable foreign investment.

- HDFC Life Insurance (a joint-venture between Standard Life Aberdeen and Indian bank HDFC) acquired the whole of Indian life insurer Exide Life Insurance. HDFC Life and Exide Life are to be merged following the completion of the acquisition. HDFC Life noted that this deal will accelerate the growth of the business, strengthen distribution channels, and produce synergies to enhance shareholder value. This is the first amalgamation deal seen in the Indian life insurance space.
- The two other transactions involved acquisitions of stakes in multiline insurer HDFC ERGO General Insurance Company insurer (predominantly general insurance, but also provides health insurance).

In separate announcements:

- Via the National Stock Exchange of India and the Bombay Stock Exchange, Standard Life Aberdeen, via its subsidiary Standard Life (Mauritius Holdings) 2006, sold approximately £652 million worth of shares in HDFC Life Insurance, equating to a stake of approximately 5%. This continues a trend of recent HDFC Life Insurance share sales by Standard Life Aberdeen.
- Via the Bombay Stock Exchange, private equity firm Carlyle sold off its stake in listed insurer SBI Life Insurance, two and a half years after it acquired a 9% stake in the life insurer. This was completed via two separate divestments, in May 2021 (4.2%) and August 2021 (1.9%).

Although new business volumes have suffered, the COVID-19 pandemic had a relatively minor impact on the overall financial health of Indian life and health insurers and distressed sales have typically not been a feature. Nevertheless, the pandemic has constrained the capital available to insurers and investors to make strategic investments in Indian insurers, which is likely to have dampened the level of transaction activity.

In a key development, the Indian Parliament approved a bill in March 2021 to allow foreign investors to own a majority stake (up to 74%) in an Indian insurer. Prior to March 2021, foreign investors were only allowed to own a maximum of a 49% stake in Indian insurers.

## India



### Outlook

2022 is expected to be a busy year in the Indian life and health M&A market. The life insurance market is dominated by the finance ministry-owned Life Insurance Corporation of India (LIC); however, its expected 2022 initial public offering (IPO), which aims to raise government funds, could shake up overall market dynamics significantly. The private life and health insurance market in India is dominated by bancassurance, although LIC is almost entirely agency based.

The increase in the cap on foreign direct ownership of Indian insurers is expected to lead to increased investment by foreign investors. In addition, the landmark deal which saw HDFC Life acquire Exide Life (approved in January 2022), could be a catalyst for further life insurance consolidation deals. The private life insurance market in India is dominated by a handful of big players, with several other smaller players.

It should be noted that the joint-venture structures and historically high valuations of many Indian life and health insurers presents a barrier to the execution of transactions as the multiple parties on either side of a transaction can often struggle to come to agreement on fair valuation.

---

**“The increase in the cap on foreign direct ownership of Indian insurers is expected to lead to increased investment by foreign investors.”**

---

Private equity firms already have exposures to the Indian life and health market, including Warburg Pincus, Temasek, and GIC. We expect these private equity firms to continue to show interest in Indian opportunities, although material investment from new private equity players is considered unlikely due to the limited availability of insurers that would meet their typical return expectations and shorter-term investment periods. Demand for M&A is expected to remain high from traditional Indian insurers, particularly the larger players in the market, which have shown interest in increasing existing stakes and seek distribution opportunities (as seen in the HDFC Life / Exide Life transaction).

Interest rates are relatively low in India, being their lowest since 2013, although it is not as drastic as the Eurozone, with Indian 1-year spot rates hovering around the 4% to 5% mark. While the current low interest rate environment has not had a direct impact on transactions in India, it has exacerbated the need for capital given the prevalence of capital-intensive long-term interest rate guarantee products amongst many insurers' product mixes. Access to capital to fund future growth could affect (dis) investment decisions in the near future.

## South Korea — Announced transactions 2020-2021

Announcement date	Target or issuer	Buyer	Seller	Transaction value (£m)
07 October 2021	Personal Accident, Supplemental Health and Life Insurance Business in Hong Kong, Indonesia, Korea, New Zealand, Taiwan, and Thailand as well as Cigna's 51% interest in a joint-venture in Turkey.	Chubb Limited	Cigna Corporation	4242.01 (all business acquired)
04 January 2021	KDB Life Insurance Co., Ltd.	JC Partners Co., Ltd.	Korea Development Bank	134.64
14 April 2020	MG Non-Life Insurance Co., Ltd.	JC Partners Co., Ltd.	Jabez Partners Co., Ltd.	131.46
10 April 2020	Prudential Life Insurance Company of Korea, Limited	KB Financial Group Inc.	Prudential Financial, Inc.	1,457.92

## South Korea

### 2021 Overview

The life and health insurance M&A market in South Korea experienced a typical year in 2021, with the announcement of two deals:

- Chubb Group acquired LINA Korea as well as Cigna's other accident and health businesses in Asia, under a deal that included business in several other Asian countries. Chubb currently has life and non-life operations in Korea but it plans to operate the acquisition under the LINA Korea brand. LINA is a small but profitable life insurance company that specialises in providing accident and health business through alternative distribution channels. This deal came after a strategic review, with the key aim for Cigna to focus its strategy on its global health portfolio. The transaction will increase Chubb's balance sheet in Asia-Pacific, with a positive impact on scale (total premiums are expected to increase from \$4 billion to \$7 billion).

- Korea Development Bank (KDB) agreed to sell a 92.7% stake in mid-sized KDB Life Insurance Co. to local private equity firm JC Partners for a reported ₩ 200 billion. This represents the fourth attempted sale of KDB Life since the nationalisation of the insurer (then Kumho Life Insurance) in 2010, following a bailout of its parent company (Kumho Group). The deal is subject to approval by the financial regulators. Under the transaction, JC Partners, which acquired MG Non-Life Insurance Co. in 2020, is expected to inject new capital into the insurer to issue new shares.

South Korean life and health insurers have typically remained well capitalised during the COVID-19 pandemic, and the M&A market has been generally unaffected.

### Outlook

The life and health M&A market is expected to remain active, with a number of companies rumoured to be up for sale in the short term.

A traditional consolidator that focuses on acquiring non-core blocks of business does not exist in the South Korean market (transfers of insurance blocks are extremely rare), although there are financial groups that have bought whole insurance companies in the search for inorganic growth.

Interest rates have been relatively low in South Korea, hovering at around 1%, and the large volume of investment guarantee business is leading to capital constraints. This is expected to drive deals going forward.

IFRS 17 and Korean-ICS (K-ICS) are expected to be introduced in 2023. Similar to Solvency II, K-ICS will include a transitional measure allowing companies to smooth the financial effects of the changes over 10 years. Required capital under K-ICS is expected to be increased significantly versus that under the current RBC regime, and this impact could be a key driver of transactions going forward.

---

**“The life and health M&A market is expected to remain active, with a number of companies rumoured to be up for sale in the short term.”**

---

In South Korea, private equity funds have played an active role in the recent insurance M&A activities and this is expected to continue over the next few years. Recently, MBK Partners sold Orange Life (ex-ING Korea) to Shinhan Financial Group while JKL Partners and JC Partners acquired Lotte Non-Life and MG Non-Life Insurance Co., respectively. JC Partners is also awaiting approval for its acquisition of KDB Life Insurance. Several other private equity firms are known to be trying to return to the market, including MBK Partners and Vogo Fund.

## Taiwan — Announced transactions 2020-2021

Announcement date	Target or issuer	Buyer	Seller	Transaction value (£m)
07 October 2021	Personal Accident, Supplemental Health and Life Insurance Business in Hong Kong, Indonesia, Korea, New Zealand, Taiwan, and Thailand as well as Cigna's 51% interest in a joint-venture in Turkey.	Chubb Limited	Cigna Corporation	4242.01 (all business acquired)
12 August 2021	China Life Insurance Co., Ltd.	China Development Financial Holding Corporation	NA	1,972.78
27 November 2020	China Life Insurance Co., Ltd.	China Development Financial Holding Corporation	NA	614.32
11 August 2020	Prudential Life Insurance Company of Taiwan Inc.	Taishin Financial Holding Co., Ltd.	Prudential Financial, Inc.	219.63

## Taiwan

### 2021 Overview

The life and health insurance M&A market in Taiwan experienced a relatively average year during 2021. There were two announced transactions:

- The first saw Taiwan-based financial holding company China Development Financial (CDF) purchase the remaining 44.05% stake in China Life Insurance Co., giving it a 100% stake in the life insurance and annuity firm (it previously purchased a 21.13% stake in 2020, taking its ownership to 55.95% at the time). China Life Insurance has since been delisted from the Taiwan Stock Exchange. CDF previously stated its intention to have exposure to insurance, to support its banking, securities, and private equity offerings via KGI Securities, KGI Bank, and CDIB Capital Group.
- The other transaction was in respect of Cigna Corporation announcing the sale of its personal accident, supplemental health and life business in seven markets, including Taiwan, to Chubb Limited.

The COVID-19 pandemic has generally had very little impact on the M&A market in Taiwan.

### Outlook

As at the end of 2020, there are 19 domestic and six foreign companies running life insurance business in Taiwan.

The Taiwan life insurance market is relatively consolidated, with the top five insurers accounting for over 70% of total reserves. The market does not include an insurer following a consolidation strategy; however, given that there exists a number of small and medium-sized firms, some of which are struggling financially in the low interest rate environment (particularly those without strong parent company backing), we expect consolidation to drive deals going forward. At the time of writing, private equity firms do not have exposure to Taiwanese life and health insurance business although several firms are known to be keen to consider future opportunities.

The low interest rate environment has had a marked impact on firms operating in Taiwan over the last decade, with many insurers struggling to survive. The Taiwan life insurance market is a negative spreads market and insurers typically have a significant amount of capital-intensive legacy business to service. The continuation of the low interest rate environment is likely to prompt firms to exit the market or attempt to dispose of high-interest guarantee legacy business.

Taiwan is set to adopt the new Taiwan ICS (T-ICS) in 2026, which is likely to present material challenges for some firms compared to the current RBC regime. In particular, insurers will be required to undertake more frequent revaluation (expected to be every six months) of assets and liabilities at fair value, and liabilities will be discounted at market swap or bond rates (noting Taiwan is a negative spreads market), with high-guarantee long-term policies expected to be evaluated using a much lower discount rate than under the current RBC regime. In respect of capital, the current Taiwan RBC approach is based on prescribed risk factors multiplied by risk exposures, whereas under T-ICS it will be calculated using scenario testing in a similar way to Solvency II. This shift in capital regime will almost certainly lead to changes in insurers' strategies and the structure of their liabilities and capital, with less focus on capital-intensive products. IFRS 17 is also due for adoption in Taiwan in 2026, and the knock-on impacts of these two major regulatory changes are likely to be a key driver of transactions going forward.

## Japan — Announced transactions 2020-2021

Announcement date	Target or issuer	Buyer	Seller	Transaction value (£m)
22 September 2021	Nippon Wealth Life Insurance Company Ltd.	Nippon Life Insurance Company	Massachusetts Mutual Life Insurance Company	Undisclosed
19 May 2020	Sony Financial Holdings Inc.	Sony Corporation	NA	Undisclosed
04 February 2020	Allianz Life Insurance Japan Limited.	AEON Financial Service Co., Ltd.	NA	22.73

# Japan

## 2021 Overview

The Japanese life (including health) insurance market had a relatively average period of M&A during 2021, with one announced transaction:

- In September 2021, Massachusetts Mutual Life Insurance (MassMutual) sold its remaining 14.9% stake in Nippon Wealth Life Insurance Company to Nippon Life Insurance, taking Nippon Life's ownership to 100%. This deal follows the sale by MassMutual of an 85.1% stake in Nippon Wealth Life in 2018 for c. £721 million. Prior to 2019, Nippon Wealth Life Insurance was known as MassMutual Life Insurance or MassMutual Japan. MassMutual noted that the sales were driven by its commitment to provide value to its policyholders and customers.

Japanese life insurers have remained financially resilient during the COVID-19 pandemic. The pandemic has not generally driven transaction activity.

## Outlook

Low interest rates continue to be prevalent in Japan, with the central bank's rate set at -0.1% since 2016. The central bank interest rate has gradually declined since the early 1990s, and has not been higher than 1% since the mid-1990s. For a period of seven or eight years from the mid-1990s there was a wave

of transaction activity due to the solvency crises of several Japanese insurers, which resulted from the burst of the late 1980s financial bubble and the significant drop in interest rates. Until recent years, the low interest environment has not been a primary driver of M&A, given the gradual decline in rates since the early 1990s and the product diversity of Japanese insurers (which has been shaped by the lengthy low interest rate period). However, there are signs of this changing, with insurers being increasingly driven by capital-efficiency considerations, and we expect this to drive deals going forward.

The Japanese life insurance market is one of the largest in the world by premium volume and consists of approximately 40 insurers. Transaction activity has been stable in the past 10 to 15 years, with relatively low numbers of announced transactions each year, and we do not expect to see significant deviation from this trend in 2022. In recent years, the key buyers in the Japanese M&A insurance space have been financial service and technology companies that are interested in life insurance (such as AEON Financial Service Company, which acquired a majority interest in Allianz Life Insurance Japan in 2020), and domestic insurers that are interested in consolidating or growing their existing market positions (such as Sony Corporation, which repurchased shares in its life insurance business in 2020). While private equity firms have not historically had a significant impact on Japan M&A, there appears to be a recent uptick in interest. This is driven in part by capital-efficiency

considerations, as insurers try to mitigate the strain caused by regulatory reserves and prepare for the upcoming ICS.

---

**“It should be noted that many of the largest Japanese insurers are mutuals, which dampens the level of transactions in Japan to a degree.”**

---

There is no traditional consolidator in the Japanese market; however, there is certainly potential for a consolidation strategy as insurers continue to be cost-constrained and given that the market is dominated by around 15 key players. Japanese insurers have instead started to look for growth in overseas markets, such as the US, Australia, and other Asian markets.

It should be noted that many of the largest Japanese insurers are mutuals, which dampens the level of transactions in Japan to a degree, as they are generally less driven by capital considerations, and private equity / proprietary firms are unlikely to consider investments in mutual companies.

Many Japanese insurers are reviewing their technology options, with a goal of improving or even replacing inefficient legacy systems. This has the potential to drive strategic partnerships and investments going forward.

## Singapore — Announced transactions 2020-2021

Announcement date	Target or issuer	Buyer	Seller	Transaction value (£m)
16 August 2021	AXA Insurance Pte Ltd.	HSBC Insurance (Asia-Pacific) Holdings Limited	AXA S.A.	388.03
11 September 2020	Aviva Ltd.	Investor group (led by Singapore Life Ltd)	Aviva plc	1,469.51

# Singapore

## 2021 Overview

The only announced Singapore-based life and health transaction saw Hong Kong-based HSBC Insurance (Asia-Pacific) Holdings acquire the Singapore-based multiline insurer AXA Insurance Pte from Paris-based AXA S.A. for c. £388 million. HSBC has stated its intention to materially scale up and diversify its insurance and wealth business in Singapore and its desire to build a more holistic banking and wealth management platform for both retail and corporate customers. AXA offloaded the business to simplify its global operations.

The COVID-19 pandemic has generally had a limited impact on life insurance transactions in Singapore, with two transactions completed during the pandemic. Overall, the pandemic did not lead to any adverse claims impact, with a fall in medical claims ratio observed. New business sales by weighted premium recorded a 3% growth in 2020 and a remarkable 23% growth in 2021, an indication that the industry remained resilient against the pandemic.

## Outlook

The Singapore market has limited opportunities for acquisition due to the lack of available targets in a relatively small market. That said, the announcement in January 2022 of the planned corporatisation of local brand co-operative insurer, NTUC Income, which will convert its legal form from a cooperative to a company that is governed by the Companies Act, could lead to activities post-corporatisation as the company embarks on its growth plans within and beyond Singapore. Aegon has also reported plans to sell the Transamerica business in Asia. Transamerica has a branch licence in Singapore (and Hong Kong), focused on high net worth customers.

---

**“The Singapore market has limited opportunities for acquisition due to the lack of available targets in a relatively small market.”**

---

The relatively new RBC 2 framework (effective March 2020), coupled with the low interest rate environment, has typically led to a deterioration in the financial condition of participating funds in Singapore, leading to a few insurers injecting capital into the participating fund. That, combined with the Life Insurance Association’s proposal to reduce the benefit illustration rate for participating products, from 4.75% to 4.25%, has led to a shift in product mix from participating business to

investment-linked business, although it is important to note that participating products remain a key offering in the market.

The Monetary Authority of Singapore (MAS) is relatively open to private equity investment, demonstrated by TPG and other private equity firms forming part of the investor group involved in the majority shareholder purchase of Aviva Singapore in 2020. New private equity firms are known to be trying to enter the market. Blackstone, Temasek, TPG, KKR Carlyle, and GIC have historically shown keen interest.

A traditional consolidator focusing on the purchase of legacy run-off books does not exist in the Singapore market; however, HSBC’s purchase of AXA Singapore, and the Singapore Life-led purchase of Aviva Singapore, resulted in these entities acquiring in-force blocks. The Singapore market continues to be dominated by five larger insurers (Great Eastern, Manulife, Prudential, AIA, NTUC Income) that collectively accounted for 82% of total new business annualised premium equivalent in 2021.

# About Milliman

## M&A services

Milliman is a leading provider of M&A transaction services around the globe. We provide buy-side and sell-side advice to a diverse set of companies, including insurers, reinsurers, consolidators, asset managers, and private equity firms.

With offices around the globe, Milliman can assemble a cross-disciplinary team to evaluate virtually any M&A scenario. Our sophisticated financial models are relied upon to deliver accurate projections and valuations of company assets and liabilities.

Milliman routinely develops actuarial appraisals of companies both large and small. The breadth of our experience in completed transactions gives us a unique knowledge base of current market pricing and market views of potential transactions. Along with appraisal valuation, our models are frequently used for GAAP projections, tax valuation, and to analyse risk management alternatives for an acquisition.

We are a trusted source of independent analysis on a proposed deal's valuation, merits, and weaknesses.

## Contacts

UK

**Ian Humphries**

London

[ian.humphries@milliman.com](mailto:ian.humphries@milliman.com)

US

**Katie Nelson**

Chicago

[katie.nelson@milliman.com](mailto:katie.nelson@milliman.com)