
Athene divests Aviva USA's life insurance business

By Editor Test *Thu, May 9, 2013*

Athene Holding, a private equity firm, needs a life insurance operating company in order to issue fixed indexed annuities, but it has no interest in being in the life insurance business per se.

Private-equity firm Athene Holding Ltd., which bought Aviva USA last year for its thriving fixed index annuity business, announced on May 1 that it would divest Aviva USA's \$10 billion life insurance business through a reinsurance arrangement with Commonwealth Annuity and Life.

Athene was one of three private equity firms, along with Guggenheim Partners and Harbinger, that recently bought life insurance companies as a way to enter the fixed indexed annuity business, which has had sales of about \$35 billion a year over the past three years. Sales have been driven by the availability of lifetime income options on FIAs.

The reinsurance agreement means that Commonwealth will take control of Aviva USA's life insurance assets and liabilities, while allowing Athene to issue fixed indexed annuities through its other operating life companies, according to a reinsurer familiar with the situation.

A.M. Best said it would keep the A- (Excellent) strength ratings of Aviva Life and Annuity Co. and Aviva Life and Annuity Co. of New York under review with negative implications. The review began last December when Athene bought Aviva USA. A.M. Best also put the A- strength ratings of Commonwealth and its subsidiaries under review with negative implications.

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