AXA and BlackRock make news, separately, in the UK

By Editorial Staff *Thu, May 5, 2016*

AXA will divest its life insurance and savings business in Britain and BlackRock has sold it defined contribution plan administration business in the UK to AEGON.

AXA is negotiating with unnamed companies to sell its remaining life insurance and savings business in Britain, including its SunLife unit, after a strategic review, the French insurer, which has a large presence in the U.S., said in a release this week.

AXA also agreed to sell its portfolio advisory business, known as Elevate, to Standard Life for an undisclosed amount as part of an exit from the life insurance business in Britain.

In April, AXA agreed to sell its offshore investment bonds business, which is based on the Isle of Man, to Life Company Consolidation Group.

AXA’s operations in property and in casualty, health and asset management are not part of the discussions.

AXA said that it expected to receive 650 million pounds, or about $952 million, if it is able to sell its life insurance and savings units in Britain. The sale of the businesses would result in AXA’s losing 400 million euros, or about $462 million, in income.

Any deal to sell the company’s remaining life and savings businesses in Britain would be subject to regulatory approval.

By buying the portfolio advisory business, Standard Life would gain more than 160,000 customers and about £9.8 billion in assets under administration.

After that transaction, Standard Life would have 350,000 customers and £36.4 billion in assets under administration.

“This acquisition is a clear sign of our continued commitment to lead the U.K. adviser platform market,” David Tiller, the head of adviser and wealth manager propositions at Standard Life, said in a news release.

BlackRock divests DC administration

BlackRock has sold part of its UK defined contribution (DC) business to Aegon, deciding to focus on investment management over administration, IPE.com reported. No sale price was disclosed, but BlackRock said in a statement the financial impact of the deal was “not material.”

The asset manager said it agreed to sell its DC platform and administration business, which has £12bn (€15.3bn) in assets under management, to Aegon, boosting Aegon’s DC platform to £30bn.

Paul Bucksey, head of DC at BlackRock, will become managing director of the new combined workplace business, while BlackRock will remain focused on its DC investment management capabilities, where it is responsible for £65bn, according to a statement by the company.

David Blumer, head of BlackRock EMEA, said the changes to the UK pensions landscape over the past five years—such as the end of mandatory annuitization and the resulting focus on drawdown products—had led to its decision to sell part of its business.

“BlackRock believes Aegon’s broad retail product and digital capabilities will best serve the increased demand from employers for holistic retirement solutions in the future,” Blumer said. “[It is a] perfect partner to deliver on our DC platform and administration clients’ growing needs.”