Conning reports on 2017 insurer M&A activity

By Editorial Staff *Fri, Mar 16, 2018*

'Insurers actively exited underperforming lines and entered specialty segments offering healthier growth and margin prospects,' said a Conning analyst.

Insurer mergers and acquisitions moderated in 2017, and were “focused on tactical acquisitions and divestitures to better position for future profitability,” according to a new study by Conning.

“Insurer merger and acquisition activity in 2017 continued at the levels seen in 2016, which were itself a retreat from prior years’ levels,” said Jerry Theodorou, vice president, Insurance Research at Conning, in a release. He attributed the lower activity levels in part to “moderate economic growth and the uncertainty regarding tax reform, which finally resolved in December with passage of the Tax Cuts and Jobs Act.”

“Insurer mergers and acquisitions in 2017 centered around bolt-on property-casualty specialty acquisitions, run-off dispositions in both the life and property-casualty sectors, and vertical integration in the health/managed care sector,” said Steve Webersen, head of Insurance Research at Conning.

“Large-scale consolidations were conspicuously absent, and the recurring theme was tactically driven divestitures and acquisitions meant to reposition insurers to face the future,” he added.

“The repositioning was especially evident among life insurers exiting certain geographies, products and run-off businesses. Many of the buyers were newly formed firms, attracted to the asset management opportunities afforded by life insurer portfolios. Insurers actively exited underperforming lines and entered specialty segments offering healthier growth and margin prospects.”

The Conning study, “Global Insurer Mergers & Acquisitions in 2017: Repositioning to Face the Future” tracks and analyzes both U.S. and non-U.S. insurer M&A activity across property-casualty, life-annuity and health insurance sectors. Specific transactions are detailed, and trends are analyzed across all sectors. The report is available for purchase at www.conningresearch.com.