

Corebridge sheds the risks of its \$51 billion VA business

By Editorial Staff Tue, Jul 1, 2025

The transaction will generate about \$2.1 billion of net distributable proceeds after-tax for Corebridge, whose board authorized a \$2 billion increase in share repurchases, said president and CEO Kevin Hogan.

Corebridge Financial, Inc. (NYSE: CRBG), last week announced that CS Life Re, a subsidiary of Venerable Holdings, Inc., will reinsure all the variable annuities of Corebridge's individual retirement business, with account value totaling \$51 billion as of March 31, 2025.

The transaction is valued at \$2.8 billion, consisting of both ceding commission and capital release, and will generate approximately \$2.1 billion of net distributable proceeds after-tax for Corebridge. Before being spun off as an independent company, Corebridge was AIG's retirement business.

Venerable is a privately-held company owned by Apollo Global Management, Crestview Partners, Reverence Capital Partners and Athene. This group created Venerable by acquiring Voya Financial's (formerly ING-US) closed block variable annuity business.

The reinsured business primarily comprises contracts with guaranteed minimum withdrawal benefits (GMWB), issued after 2009 by American General Life, a Texas domiciled entity, and United States Life, a New York domiciled entity. An additional block of policies with death benefits and investment-only variable annuities is also included.

"We expect to use the proceeds to accelerate our capital management objectives, including a substantial majority returned via share repurchases, with the remainder to support organic growth. Our Board of Directors approved a \$2 billion increase to our share repurchase authorization in connection with this transaction," said Corebridge president and CEO Kevin Hogan, in a release.

Corebridge will retain administration of the blocks as part of the agreement.

As of the end of 2024, Corebridge was a top-five seller of fixed deferred annuities. In 2024, it sold \$13.0 billion worth of fixed-rate deferred annuities and \$9.2 billion worth of fixed indexed annuities, according to LIMRA.

Venerable, which bought CS Life from Equitable Holdings in 2021, specializes in "risk transfer solutions to variable annuity issuers," according to a release. The transaction will

increase Venerable's total assets under risk management, on a pro forma basis as of March 31, 2025, by approximately 77% from \$67 billion to \$118 billion.

Venerable will reinsure variable annuity business from American General Life Insurance Company (AGL) and The US Life Insurance Company in the City of New York (USL). At the time of the close of the transaction, they will also commence variable annuity new business flow reinsurance from AGL.

Additionally, Venerable will acquire Corebridge's investment adviser, SunAmerica Asset Management, LLC (SAAMCo), as a complement to Venerable Investment Advisers, LLC and Venerable Variable Insurance Trust, and new mutual funds underlying Venerable Insurance and Annuity Company's variable annuity products, which commenced operations in September 2024.

At the close of the SAAMCo acquisition, a team supporting SAAMCo will transition to Venerable, augmenting Venerable's ability to service separate accounts at scale.

According to a Corebridge release:

- Corebridge will reinsure its entire Individual Retirement variable annuity in-force book, amounting to \$51 billion of total account value as of March 31, 2025, through reinsurance transactions with the Company's insurance subsidiaries American General Life Insurance Company ("AGL") and The United States Life Insurance Company in the City of New York ("USL")
- The \$51 billion of total account value includes \$5 billion of General Account AV (reinsured 100% on a coinsurance basis) and \$46 billion of Separate Account AV (reinsured on a modified coinsurance basis)
- New variable annuity contracts written through the Individual Retirement business and issued by AGL will be reinsured through an ongoing flow reinsurance agreement that will begin once the transaction is closed
- The transaction includes the sale of a related investment adviser and manager for portfolios offered in Corebridge variable annuity products (SAAMCo)
- The transaction also includes extensive counterparty protections, including comfort trusts with defined investment guidelines, over-collateralization requirements, and a protective hedging arrangement
- The AGL transaction is expected to close in the third quarter while the USL transaction and the sale of SAAMCo are expected to close in the fourth quarter, subject to customary closing conditions including regulatory approvals

Financial Overview

- Attractive earnings multiple of approximately 9-10x 2026E and 2027E operating earnings ²
- Exits a portfolio with historically volatile GAAP earnings and tail risk exposure
- AATOI expected to decrease by approximately \$300 million in 2026 and the impact is expected to decrease materially over the next few years
- Increases the Life Fleet RBC ratio by over 50 points before any share repurchases

Broad Individual Retirement Product Platform

- Corebridge will continue to offer one of the broadest annuity product platforms in the industry, including fixed, index and registered index-linked annuity (RILA) products, maintaining its commitment to help financial professionals meet the diverse retirement needs of their clients
 - The Individual Retirement business will continue to manufacture and distribute variable annuity products outside New York state supported by a flow arrangement with Venerable
 - Prior to the close of the transaction, USL will cease manufacturing and distributing new Individual Retirement variable annuities in New York state
 - Corebridge will continue to administer and service all of its contracts, including those covered by the reinsurance transactions