
Fresh Rumors About MetLife and AIG Reported

By Editor Test *Wed, Jan 20, 2010*

Selling Alico would help AIG repay the federal government and might strengthen MetLife's position in Asia, an analyst said.

American International Group Inc. may be trying to sell American Life Insurance Company (Alico) to MetLife Inc. for more than \$14 billion, *National Underwriter* reported.

Rumors that MetLife might be interested in buying some of the life operations of AIG have been floating around for months, but fresh rumors have surfaced in the *Wall Street Journal* and the *New York Times'* DealBook.

Selling Alico could help AIG repay the federal government for the aid provided by the Federal Reserve Bank of New York and the U.S. Treasury Department. Buying Alico could help MetLife continue to expand outside the United States, said Clark Troy, a senior life insurance industry analyst at Aite Group LLC, Boston.

"A MetLife deal for Alico at a \$14 billion valuation is clearly a good deal for the U.S. taxpayer," Clark said. "Aside from supporting the \$9 billion valuation for Alico, it bodes well for a future [public stock offering] or acquisition of AIG. Any profit that accrues to legacy AIG strengthens its balance sheet and increases the likelihood that it will be able to make the government whole."

MetLife, meanwhile, could use the deal to strengthen its position in Asia, Clark says. MetLife is the leader in Japan's variable annuity market, and a MetLife joint venture ranks second in Japan's non-life market. Alico has a strong position in Japan's life market, Clark said.

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