
Honorable Mention

By Editorial Staff *Thu, Jan 7, 2021*

Reports of reinsurance and other deals involving Empower, MassMutual, Ares Management, Unum, Global Atlantic, New York Life, Cigna, and Voya, with other news.

Empower completes purchase of MassMutual retirement plans

Empower Retirement's previously announced acquisition of Massachusetts Mutual Life Insurance Company's (MassMutual) retirement plan business has been completed following the receipt of regulatory approval, Empower said this week.

MassMutual's retirement plan business moves to Empower in a reinsurance transaction for a ceding commission of \$2.35 billion. When combined with Empower's existing US business, the balance sheet of the transferred group annuity business will be supported by \$1 billion of required capital.

After Fidelity, Empower is now the nation's second-largest retirement services provider. The acquisition increases Empower's participant base to more than 12 million and retirement services recordkeeping assets to approximately \$884 billion administered in about 67,000 workplace savings plans.

More than 1,700 employees who had been affiliated with MassMutual's retirement plan business will join Empower to provide the full range of support services for financial professionals, plan sponsors and participants.

Eversheds Sutherland served as legal counsel, and Goldman Sachs and Rockefeller Capital Management served as financial advisors to Empower. Skadden, Arps, Slate, Meagher & Flom LLP served as legal counsel and Lazard served as exclusive financial advisor to MassMutual.

New York Life completes acquisition of Cigna group benefits businesses

New York Life, America's largest mutual life insurer, today announced the completion of the company's acquisition of Cigna's group life, accident, and disability insurance business. The \$6.3 billion acquisition, which was first announced on December 18, 2019, adds approximately 3,000 employees and over nine million customers. The new business will be rebranded New York Life Group Benefit Solutions.

With the completion of the acquisition, New York Life is now a top five insurer across group life, accident, and disability insurance. New York Life and Cigna have also entered into a multi-year collaboration that will continue to bring differentiated, integrated health and group benefit solutions for clients and prospects who desire them.

New York Life Group Benefit Solutions will operate within New York Life's portfolio of strategic businesses, which includes Group Membership Association, Institutional Annuities, Institutional Life, New York Life Direct, and Seguros Monterrey New York Life, among others.

According to Bloomberg News, "Such acquisitions are rare for New York Life, which operates as a mutual insurance company owned by its policyholders. In general, life insurers are turning to group benefits because they're less sensitive to low interest rates, which have impacted investment income for many years. The pandemic delayed the deal's completion by a quarter and has affected results because of higher mortality rates. However, the company remains optimistic about the long-term strategy behind the acquisition."

Two more states adopt 'best interest' standard for annuity sales

Arkansas and Michigan have become the latest states to approve regulations requiring insurance producers and agents to keep consumers' best interest in mind when selling annuity products, according Bestwire, a services of A.M. Best.

The new regulations largely follow the model law approved last year by the National Association of Insurance Commissioners (NAIC). As adopted, the Arkansas regulations, which took effect Dec. 29, 2020, require the producer or agent to make "reasonable efforts" to obtain consumers' information before making recommendations on annuities.

In Michigan, the state legislature last month rolled the annuity suitability language into another piece of insurance legislation. It says producers "shall act in the best interest of the consumer under the circumstances known at the time." The rules became effective Dec. 29, 2020. The two states join Iowa, Arizona, and Rhode Island, which adopted regulations following the NAIC model last year.

Voya completes sale of life and annuities businesses

Voya Financial, Inc., and Resolution Life Group Holdings (Resolution Life) have received all regulatory approvals needed to complete the sale of Voya's Individual Life and non-retirement legacy annuities business to Resolution Life. The transaction closed on Jan. 4,

2021.

Voya also announced that it intends to enter into an accelerated share repurchase (ASR) agreement with a third-party financial institution before the end of the year, under which it will repurchase approximately \$150 million of its common stock. The initial delivery of shares under the ASR would take place in the fourth quarter of 2020, with final settlement during the first quarter of 2021.

A Fortune 500 company serving about 13.8 million individual and institutional customers in the US, Voya had \$7.5 billion in revenue in 2019. The company had \$657 billion in total assets under management and administration as of Sept. 30, 2020.

Ares completes acquisition of F&G Reinsurance Ltd

Ares Management Corporation (NYSE: ARES) and its indirect subsidiary Aspida Holdings Ltd. have completed Aspida's previously announced acquisition of F&G Reinsurance Ltd from FGL Holdings, a subsidiary of Fidelity National Financial, Inc.

As part of the transaction, Aspida will enter into a strategic flow reinsurance agreement with F&G related to certain annuity products. Terms of the all cash transaction were not disclosed.

The Company, a Bermuda-domiciled life and annuity reinsurer with approximately \$2 billion in invested assets as of September 30, 2020, will continue to operate as a reinsurance company in Bermuda as Aspida Re. Members of the Company's management team will remain in place. Aspida Re said it "intends to be a solutions provider to insurance partners that are looking to optimize their balance sheets and be best positioned for future growth."

Through Ares Insurance Solutions ("AIS"), Ares will originate and manage insurance assets to scale Aspida's platform. This has included the recent appointment of Raj Krishnan, Partner and Chief Investment Officer of AIS, who will lead AIS's asset management support for Aspida Re and its ceding insurers.

Ares Management Corporation (NYSE: ARES) is a leading global alternative investment manager operating integrated groups across Credit, Private Equity, Real Estate and Strategic Initiatives. Ares Management's investment groups collaborate to deliver innovative investment solutions and consistent, attractive investment returns for fund investors throughout market cycles. As of September 30, 2020, Ares Management's global platform had approximately \$179 billion of assets under management with more than 1,400

employees operating across North America, Europe and Asia Pacific.

Aspida Holdings Ltd. is an indirect subsidiary of Ares Management Corporation, which was created to execute on Ares Insurance Solutions' plans to issue insurance and reinsurance products for individuals and institutions seeking to fund their long-term financial needs.

Unum and Global Atlantic unit agree on coinsurance deal

Unum Group (NYSE: UNM) today announced that three of its insurance company subsidiaries have entered into an agreement to reinsure a substantial portion of Unum's Closed Individual Disability Insurance Block ("IDI") business, backed by approximately \$7.1 billion in reserves, to a subsidiary of Global Atlantic through a coinsurance arrangement.

Global Atlantic's subsidiary will maintain over-collateralized trust accounts for the benefit of each Unum ceding company to secure its obligations under the relevant reinsurance agreement. Unum will continue to provide service and administration for the reinsured IDI business.

Once the transaction is fully executed, assuming receipt of all consents and regulatory approvals, Unum expects to release approximately \$600 million of capital backing the block. Initially, the released capital is expected to be held at the holding company, increasing capital flexibility during the current challenging economic environment.

There is expected to be minimal impact to the weighted average risk-based capital ratio and statutory operating earnings of its U.S. traditional insurance subsidiaries once the transaction is fully completed.

Unum will retain the multi-life IDI block that is reported as part of the Unum US Supplemental & Voluntary segment, which continues to be an important element of the Company's core growth strategy. The Company will also retain certain Closed Block IDI business not reinsured as part of the transaction, as well as certain assets with yields exceeding current market levels, which will support yields for other product lines, including long-term care.

As part of the transaction, a subsidiary of Unum will provide a 12-year volatility cover for the active life cohort, which represents approximately 5% of the total statutory reserves of the IDI block reinsured by Global Atlantic's subsidiary. At the end of the coverage period, Global Atlantic's subsidiary will retain the risk for the remaining incidence and claims risk on the block.

Unum and Global Atlantic will complete the reinsurance transaction in two phases. During December 2020, approximately 75% of the in-force IDI block, primarily direct business written by the Unum ceding companies, will be reinsured to Global Atlantic's subsidiary effective as of July 1, 2020.

Additional IDI business, consisting of direct business not ceded at the first closing in December 2020 and business assumed by Unum from third parties, will be reinsured in the first quarter of 2021, subject to receipt of required consents and regulatory approvals.

The total net considerations to be paid to Global Atlantic's subsidiary at the closing of the first phase of the reinsurance transaction is approximately \$376 million, which will be offset by cash tax benefits. The ceding commission for the second phase of the reinsurance transaction is subject to adjustment based on the consents actually received. The payment for the volatility cover is also subject to adjustment based on the consents actually received.

Morgan Stanley & Co. LLC and Rothschild & Co acted as financial advisors and Debevoise & Plimpton LLP served as legal counsel to Unum in connection with this transaction.

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