
Life/annuity industry news

By Editorial Staff Thu, Jun 7, 2018

Athene in \$19 billion reinsurance deal with Voya; Allianz Life survey finds interest in protection products; TIAA rebrands its banking units; Global Atlantic in \$9 billion reinsurance deal.

Athene reinsures \$19 billion of Voya annuity liabilities

Athene Holding Ltd. has completed its transaction to reinsure approximately \$19 billion of Voya Financial's fixed and fixed indexed annuity liabilities. This brings Athene's total invested assets to approximately \$100 billion.

"Apollo [is positioned to] provide customized solutions to take advantage of the ongoing restructuring in the life insurance industry," said Jim Belardi, CEO of Athene, in press release, adding that the recent rise in interest rates has made the deal's expected earnings impact even more significant.

Athene, along with a group of investors led by affiliates of Apollo Global Management, LLC made a minority investment in Venerable Holdings, Inc., a newly formed standalone entity that will administer the fixed and variable annuity blocks from Voya Insurance and Annuity Company.

Athene's investment in Venerable will be held as an alternative investment. Athene also secured the rights to reinsure future flow from annuitizations of variable annuities to fixed payout annuities, which are expected to generate approximately \$8 billion of flow over the life of the variable annuity block acquired by Venerable.

Athene's products include retail fixed and fixed indexed annuity products; reinsurance arrangements with third-party annuity providers; and institutional products, such as funding agreements and group annuity contracts related to pension risk transfers.

As of March 31, 2018, Athene had total assets of approximately \$113 billion. Athene's principal subsidiaries are Athene Annuity & Life Assurance Co., Athene Annuity and Life Co., Athene Annuity & Life Assurance Co. of New York, and Athene Life Re Ltd.

Allianz Life survey shows public support for protection products

"Market gyrations so far this year have [investors] increasingly interested in finding ways to protect their savings from such volatility," according to the 2018 Market Perceptions Study

from Allianz Life Insurance Company of North America. Many of those surveyed fear a big market crash (42%) or major recession (44%).

More than a third (35%) of Americans are comfortable with current market conditions, up from 26% in 2015, the survey showed. But 37% said recent volatility makes them anxious about their savings and 38% said that if the market crashed they couldn't rebuild their savings before retirement.

When asked about their retirement planning, 57% of those surveyed said they would give up some potential gains for a product that protects part of their retirement savings, up from 48% in the 2015 iteration of the study. [Allianz Life has been the leading seller of fixed indexed annuities in the US for over a decade.]

When asked about taking action 5-10 years before retirement to safeguard their savings, 31% said they would put "some of my money into a financial product that offers a balance of potential growth (up to 10%) and some level of protection (i.e., no loss of money if the market goes down 10%)."

More than three-fourths (78%) of respondents with >\$200k in investable assets and 69% of those with <\$200k said it is important to them to have some of their savings in a financial product that protects it from market loss. When asked if 68% said they were willing to give up some potential gains for a product that protects a portion of their retirement savings, 68% with >\$200k and 55% with <\$200K in investable assets agreed.

Market volatility, as measured by the Cboe Volatility Index or VIX, has risen this year. In February, the VIX index spiked 115% on one day as equities sold off, and saw elevated levels throughout March. The VIX index has edged back toward normal levels, but it is still elevated from the low levels seen throughout 2017, Allianz Life said in its release.

TIAA rebrands its banking units as TIAA Bank

TIAA has consolidated its two direct banking units, EverBank and TIAA Direct, into TIAA Bank. Headquartered in Jacksonville, FL, TIAA Bank will serve clients in all 50 states with deposit, residential and commercial lending and other banking products and services. TIAA acquired EverBank in June 2017. The new entity will leverage EverBank's nationwide consumer and commercial platforms to serve, commercial and institutional clients.

Global Atlantic acts as investor and reinsurer in Talcott deal

Global Atlantic Financial Group Ltd has completed a \$9 billion reinsurance transaction through a subsidiary, executed in conjunction with The Hartford's sale of Talcott Resolution to an investor group. The deal involved the reinsurance of fixed deferred annuities and other spread-based reserves.

With this block reinsurance transaction, Global Atlantic has reinsured or acquired over \$50 billion of assets since its founding. Global Atlantic, through a subsidiary, also participated in the investor group, buying about 9% of the entity that bought Talcott Resolution on May 31, 2018.

"The reinsurance transaction provided significant capital and economic accretion incorporated in the purchase price paid to The Hartford," Global Atlantic said in a release.

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