
MassMutual pays \$165 million for MetLife's captive agent force and retail operation

By Editorial Staff *Thu, Mar 3, 2016*

On a combined basis, MSI and MassMutual's existing broker-dealer, MML Investors Services, LLC, will be among the nation's largest insurance company-owned broker-dealers.

MassMutual has agreed to acquire MetLife's U.S. retail advisor force, the MetLife Premier Client Group, a retail distribution operation with more than 40 local sales and advisory operations and approximately 4,000 advisors across the country, for \$165 million. The transaction is expected to close in mid-2016.

The two firms announced their discussions around this transaction last week. The transaction follows MetLife's previously announced plan to pursue the separation of a substantial portion of its U.S. retail segment.

A.M. Best did not change either firm's financial strength or credit ratings. The ratings agency said in a release that "it views the acquisition favorably, as it brings additional scale to MassMutual's existing captive distribution sales force and increased opportunities to expand their product portfolio. Following some one-time integration and infrastructure expenses, the acquisition is expected to be accretive to earnings."

With an expanded distribution network, MassMutual said it is better positioned to become the top individual life insurance—and whole life insurance—provider in the marketplace. The acquisition adds to MassMutual's existing force of over 5,600 career agents, broadens the company's geographic reach and expands its product line, according to a release.

As part of the transaction, MassMutual and MetLife also entered into a product development agreement under which MetLife's U.S. retail business will be the exclusive developer of certain annuity products to be issued by MassMutual.

"This transaction will enable our U.S. Retail business to focus on product manufacturing while also providing a broader distribution network through the partnership with MassMutual," said Steven A. Kandarian, MetLife Chairman, President and CEO, in a prepared statement.

In addition to MetLife's retail advisor firms, the transaction includes certain MetLife employees who support the MetLife Premier Client Group; MetLife's affiliated broker-

dealer, MetLife Securities, Inc.; and certain assets associated with the MetLife Premier Client Group, including employee contracts.

On a combined basis, MSI and MassMutual's existing broker-dealer, MML Investors Services, LLC, will be among the nation's largest insurance company-owned broker-dealers. Additionally, as part of the agreement, approved MassMutual financial professionals will provide individual life insurance and annuity products through the MetLife PlanSmart Financial Education Series.

Other transaction highlights:

- The transaction is expected to close by mid-2016, and is subject to certain closing conditions, including regulatory approval.
- The purchase price is not material to MassMutual's capital and surplus.
- Sandler O'Neill + Partners, LP served as financial advisor and Willkie Farr & Gallagher LLP served as legal counsel to MetLife. Barclays Capital, Inc. served as financial advisor and Sutherland Asbill & Brennan LLP served as legal counsel to MassMutual.

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