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## **MetLife now manages a sixth of Romania's DC assets**

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By Editor Test     *Thu, Apr 4, 2013*

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Two of Romania's pension funds, which account for almost one-sixth of the assets in the nation's defined contribution or "second pillar" pension, have merged due to MetLife's purchase of Aviva's Central and Eastern European (CEE) business, *IPE.com* reported.

Last summer MetLife bought Aviva Life Czech Republic, Aviva Life Hungary and Aviva Life Romania, which ran the second pillar fund Pensia Viva.

MetLife already owns Romanian insurer and pension fund provider Alico, which it purchased from AIG in 2010.

Romania's pension regulator, The Supervisory Commission of the Private Pension System (CSSPP), approved the merger of the pension funds run by Aviva and Alico last week. Pensia Viva was merged with Alico and saw its market share in the second pillar increase to 14% from 6.8% with 822,420 participants, according to the CSSPP.

At year-end 2012, more than 5.7 million Romanians participated in the second pillar with net assets of RON 9.64bn (€2.18bn) in nine funds. Since 2008 the number of funds has been halved to eight funds following several mergers, the CSSPP said.

"As long as it does not affect the competitiveness of the system, this process is beneficial to maintain a stable market," said Marian Sarbu, CSSPP's president, adding that mergers make funds bigger and better able to benefit from economies of scale.

The market could "expect other mergers and acquisitions transactions, as part of a natural process," Sarbu noted, saying that pension fund managers could decide to further restrict their business on an "international, regional or local level."

In 2012, the funds in the Romanian second pillar returned 10.5%, having invested almost 94% of assets in domestic securities, while the remainder was invested in other EU member states' bonds.

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