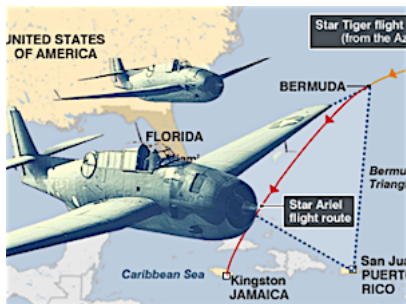


Private equity/life insurer partnerships proceed

By Editorial Staff Thu, Nov 4, 2021

American Equity invests in residential real estate firm; Everlake Life is born, a child of Blackstone; AIG and Blackstone close \$50 billion deal; Sunset Life rating under review after acquisition by Investcorp.



American Equity invests in residential real estate firm

American Equity Investment Life Insurance Company said it will provide “financing and capital support” to help Pretium, a specialized investment management firm, buy Anchor Loans, a large provider of financing to residential real estate investors and entrepreneurs.

Pretium boasts assets under management of some \$30 billion. “This transaction builds on AEL’s previously announced partnership with Pretium and enables Pretium to achieve its next phase of growth in its residential real estate platform,” an AEL release said.

After the Great Financial Crisis and the foreclosures of countless residential mortgages, private equity firms were able to finance the purchases of homes at favorable prices.

“Blackstone Group Inc., KKR & Co. and other private-equity firms are increasingly making new investments in single-family homes to rent out, betting that the hot housing market will generate solid returns as the U.S. emerges from the coronavirus pandemic,” Bloomberg recently [reported](#).

American Equity’s recent long-term reinsurance deal with Brookfield Re was [reported](#) by RIJ on October 21. Pretium’s acquisition of Anchor Loans will increase AEL’s allocation to “high quality residential real estate assets, which remains a key pillar of our AEL 2.0 investment strategy.”

As described in RIJ, the AEL 2.0 strategy enables AEL to convert gradually from a business based on earning an uncertain spread between assets and liabilities to a model based on earning predictable asset-based fees while investing in high-yield alternative assets and reinsuring its annuity liabilities offshore.

It’s a strategy that several public traded life insurers have pursued, often in partnership with a large alternative asset manager. RIJ calls it the “Bermuda Triangle strategy” because it involves a US annuity issuer, a large asset manager and a reinsurer domiciled in a

regulatory haven such as Bermuda, Arizona or the Cayman Islands.

AEL described itself in the release as a leading issuer of “general account annuities,” an uncommon term that may distinguish its fixed or fixed indexed annuities from variable deferred annuities or structured variable annuities, such as registered index-linked annuities (RILAs).

The transaction demonstrates AEL’s “ability to provide flexible capital solutions, be responsive to market opportunities and deploy capital at scale,” said Pradip Ghosh, senior managing director and head of ROA [return on assets] for American Equity. “

Founded in 1998, Anchor Loans was the first institutional lending platform built to finance professional residential real-estate investors. Over the last two decades, Anchor Loans has become “the nation’s leading capital provider to experienced residential real-estate sponsors through its bridge and construction products,” the release said.

“Pretium’s underwriting expertise, real estate operating platform ecosystem and ability to originate attractive investments have made them a valued partner for AEL,” said Anant Bhalla, CEO of American Equity.

“At Pretium’s core, we are committed to providing capital solutions to the residential housing industry, including offering attractive rental homes and mortgages to consumers and investors” said Ted Huffman, Pretium’s senior managing director of Strategic Development, in the AEL release.

Everlake Life is born, a child of Blackstone

The Allstate Corporation today announced that it has closed the sale of Allstate Life Insurance Company (ALIC) and certain subsidiaries to entities managed by Blackstone for \$4 billion, which is inclusive of Blackstone’s approximately \$2.8 billion purchase price, as well as increases in statutory surplus since March 31, 2020.

The ALIC business is being renamed Everlake Life Insurance under its new ownership by entities managed by Blackstone.

“Allstate’s strategy is to increase personal property-liability market share and expand protection offerings to customers. This sale redeploys capital into highly attractive property-liability and protection service businesses and reduces interest-rate exposure,” said Tom Wilson, chair, president and CEO of The Allstate Corporation, in a release.

Gilles Dellaert, global head of Blackstone Insurance Solutions, said: “We believe the investment outperformance we can deliver through our industry-leading private credit origination platforms – while maintaining strong policyholder protections – will play a vital role in helping meet long-term customer obligations, especially at a time of historically low interest rates.”

The sale of ALIC, along with the previously announced sale of Allstate Life Insurance Company of New York (ALNY) to Wilton Re, reduces Allstate assets by \$34 billion, to \$99 billion, and liabilities by approximately \$33 billion, to \$72 billion, as of June 30, 2021, and resulted in a GAAP book loss of approximately \$3.8 billion in the first quarter of 2021.

Approximately \$1.7 billion of deployable capital was generated by these transactions and was considered when authorizing the current \$5 billion share repurchase program. Going forward, Allstate agents and exclusive financial specialists will offer life insurance and retirement solutions from third-party providers.

AIG and Blackstone close \$50 billion deal

American International Group, Inc. (NYSE: AIG) and Blackstone (NYSE: BX) announced the completion of the previously disclosed transaction for Blackstone to acquire a 9.9% equity stake in AIG’s Life & Retirement business and for Blackstone to manage an initial \$50 billion of Life & Retirement’s existing investment portfolio.

American International Group, Inc. (AIG) is a global insurance organization whose member companies provide property casualty insurance, life insurance, retirement solutions, and other financial services to customers around the world. AIG common stock is listed on the New York Stock Exchange.

Blackstone’s \$731 billion in assets under management include investment vehicles focused on private equity, real estate, public debt and equity, life sciences, growth equity, opportunistic, non-investment grade credit, real assets and secondary funds, all on a global basis.

Sunset Life rating under review after acquisition

AM Best has placed under review with developing implications the Financial Strength Rating of B++ (Good) and the Long-Term Issuer Credit Rating of “bbb+” (Good) of Sunset Life Insurance Company of America (Kansas City, MO).

Sunset Life Insurance Company of America's ratings were placed under review with developing implications following the announcement that Cordillera Holdings has acquired the company. Cordillera Holdings, founded in 2020, is a holding company focused on investing in the insurance and reinsurance sectors. Under new CEO Nathan Gemmiti, Sunset Life Insurance Company of America will sell retirement-oriented fixed annuities. The acquisition was financed by Investcorp, a \$36 billion alternative asset manager.

The developing implications reflect that AM Best is awaiting information concerning the financial position of Cordillera Holdings and the business plan and projections of Sunset Life Insurance Company of America under its new ownership.

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