
Unconfirmed: Apollo nearest to acquiring Aviva U.S.

By Editor Test Thu, Nov 15, 2012

Representatives at Aviva, Apollo, Guggenheim and Harbinger declined to comment on the deal, which is not completed and may still collapse.

Apollo Global Management LLC is said to be in the lead to buy Aviva Plc's U.S. life insurance and annuities unit, positioning the buyout firm to beat Philip Falcone's Harbinger Group Inc., according to a report on Bloomberg.net.

Apollo is bidding jointly with Guggenheim Partners LLC, Bloomberg said, quoting a source it did not identify. A sale would occur at a "substantial discount" to the unit's book value, excluding debt, of 2.4 billion pounds or \$3.8 billion, Aviva chief financial officer Pat Regan said last week.

Representatives at Aviva, Apollo, Guggenheim and Harbinger declined to comment on the deal, which is not completed and may still collapse. Aviva acquired most of its U.S. operations through the \$2.9 billion purchase of Des Moines, Iowa-based AmerUs Group Co. in 2006.

Apollo, a private-equity firm run by Leon Black, last month boosted capital at its Athene Holding Ltd. annuity business by contributing assets valued at more than \$800 million from a publicly traded fund it manages.

That infusion would enable Athene to acquire more annuity assets and eventually achieve enough scale to issue shares to the public, according to a presentation to investors.

Annuities are contracts issued by life insurers that offer tax deferral, guaranteed rates of return, death benefits and/or guaranteed income.

Apollo created Athene in 2009 and expanded in 2011 through the \$628 million purchase of Royal Bank of Canada's U.S. life insurance unit. Athene in July agreed to buy Presidential Life Corp. for about \$415 million.

Aviva, the U.K.'s second-biggest insurer by market value, is selling or winding down almost a third of its 58 businesses, striving to get out of less profitable markets and boost capital reserves reduced by the European sovereign-debt crisis.

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