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Life and health insurance M&A

A review of 2023 and an outlook for 2024 and beyond

Covering North America, Europe, Asia, and Latin America

AUTHORS

Ian Humphries (London)
Katie Nelson (Chicago)
Tanner McKerlie (Chicago)
Chew Hou Ng (London)
Samuel Burgess (London)
Lyndsay Wrobel (London)
Stuart Reynolds (London)
Ariel Hojman (Buenos Aires)
Fernando Mesquida (Buenos Aires)

Milliman

Overview

This report provides an analysis of recent life and health insurance transaction activity across the globe, focusing on North America,[1] Europe,[2] Asia,[3] and Latin America.[4]

The **Global Insight** section (pages 3–5) provides an overview of global life and health mergers and acquisitions (M&A), looking at the volume of announced transactions in 2023 in terms of number and value, as well as a high-level analysis of the activity in each region.

The **North America** (pages 6–15), **Europe** (pages 16–49), **Asia** (pages 50–71), and **Latin America** (pages 72–75) sections provide a detailed insight into the activity in each region. For key markets under each region, we provide:

- An analysis of the level of activity in 2023 versus previous years
- An overview of the key announced transactions in 2023
- An analysis of transaction drivers
- An analysis of M&A themes and trends
- An analysis of private equity (PE) and private asset manager involvement, if any, in life and health M&A in 2023
- The outlook for life and health insurance M&A in 2024 and beyond

As an extension to the analysis above of life and health M&A transactions in Europe, we continue to explore transaction value metrics such as the ratio of price to Solvency II Own Funds, and pricing trends observed in recent years.

The underlying data used for this paper has been sourced from S&P Global Market Intelligence (supplemented by our own analysis where necessary) and publicly available data on announced transactions. We note that the backing data for pre-2023 life and health M&A transactions has been amended where necessary, and therefore, the statistics presented in this paper for transactions prior to 2023 may not directly match those presented in previous years' editions of this report, though this only affects a small number of deals.

This report presents statistics and data on announced transactions that include life and health insurance business, including any transactions categorized as multiline (i.e., a mix of life, health, and general insurance) business. The following deals have been excluded from the analysis:

- Any deals with an immaterial volume of life and health business
- Any transactions that are categorized on S&P as reinsurance or insurance brokerage
- Any bulk-purchase annuity/pension risk transfer transactions

The transaction price data presented is based on limited public data on reported transaction values and figures are in USD, unless otherwise specified.

[1] See Figure 6 for the list of countries and territories in North America that had at least one M&A transaction between 2021 – 2023.
[2] See Figure 7 for the list of countries and territories in Europe that had at least one M&A transaction between 2021 – 2023.
[3] See Figure 11 for the list of countries and territories in Asia that had at least one M&A transaction between 2021 – 2023.
[4] See Figure 12 for the list of countries and territories in Latin America that had at least one M&A transaction between 2021 – 2023.

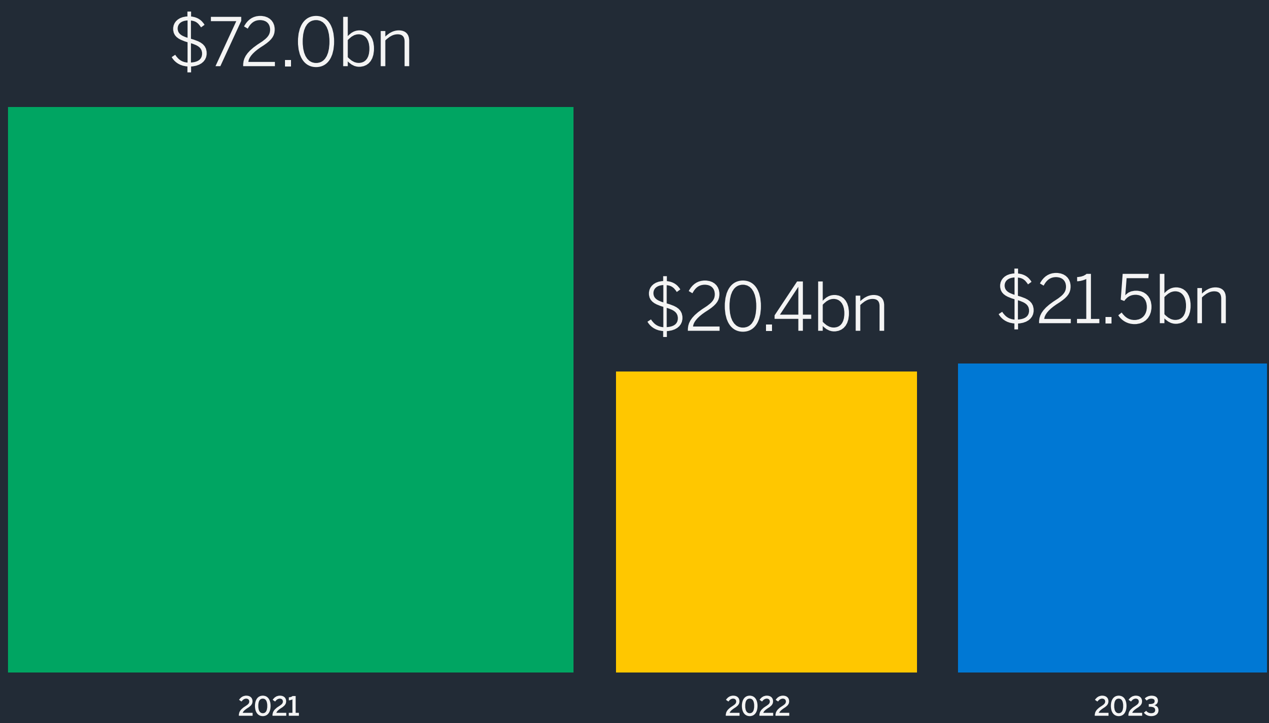
Global insight

Introduction

2023 continued the recent trend of declining global life and health insurance M&A activity. Across many markets, there was a general theme of economic uncertainty, with high inflation and high interest rates dominating the headlines. This, coupled with the underlying geopolitical tensions that have resulted from the conflicts in Ukraine and the Middle East, has almost certainly inhibited life and health M&A activity in 2023. In addition, many global life and health markets are experiencing changes to solvency regulations, which is causing some additional uncertainty. It is evident that several key players in the life and health M&A space are waiting for the economic, geopolitical, and regulatory uncertainty to settle, before deciding on future strategic initiatives and, in particular, whether to buy or sell insurance business.

We expect transaction activity to remain at a reasonable level in 2024; however, the outlook for life and heath M&A activity somewhat depends on the stabilization of the market and political volatility seen in 2023. Stability, or a reasonable level of certainty/predictability, is often the key to an active transaction market. We note that there is still significant demand from traditional insurers, asset managers, and private equity firms for life and health insurance business.

The number of announced global life and health transactions decreased in 2023 compared to 2022 (80 deals in 2023 versus 131 deals in 2022); however, the average deal size (for publicly disclosed deal values) increased from c. $0.3 billion in 2022 to c. $0.7 billion in 2023.



Publicly announced life and health deal values totaled c. $21.5 billion in 2023 compared to c. $20.4 billion in 2022 and c. $72.0 billion in 2021.

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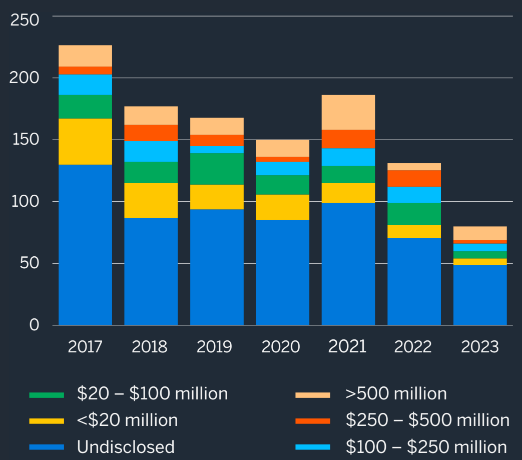
Global life and health insurance M&A

Figure 1: Deal value and volume

Figure 2: Number of life and health M&A transactions, split by deal size



39% decrease in number of globally announced transactions in 2023 (80 in total compared to 131 in 2022)

↓ 39%

5% increase in publicly announced deal values in 2023 (c. $21.5 billion in total compared to $20.4 billion in 2022)

↑ 5%

Increase in substantial-sized deals during 2023:

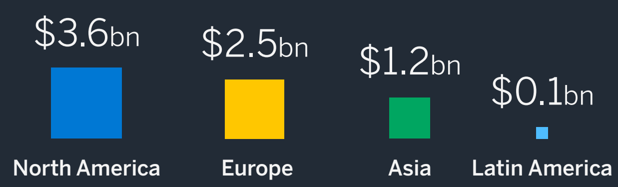
- 11 deals over $500 million in 2023 (6 in 2022)
- Including 8 deals over $1 billion in 2023 (4 in 2022)

North America dominated the largest reported deals in 2023:

- 5 of 11 deals over $500 million in North America: four in the United States and one in Bermuda
- 5 of 8 deals over $1 billion

Largest reported 2023 deal sizes in each region:

- North America: Brookfield Reinsurance's purchase of American Equity Investment Life: $3.6 billion. This was 2023's largest reported deal size.
- Europe: Generali's acquisition of Liberty Seguros: c. $2.5 billion.
- Asia: Sumitomo's purchase of TPG's stake in Singapore Life: c. $1.2 billion. This was part of a wider deal in which Sumitomo also acquired Aviva's stake in the company.
- Latin America: Mapfre's purchase of Insignia Life: c. $0.1 billion.



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Global life and health insurance M&A

Figure 3: Number of announced life and health M&A transactions by region

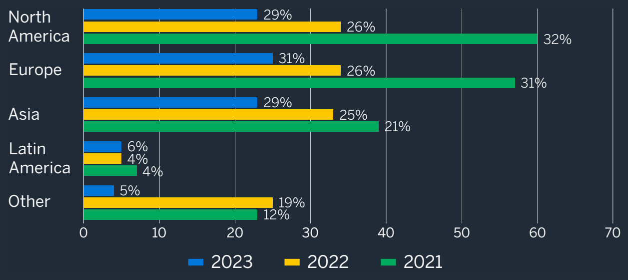


Figure 4: Total publicly announced value of life and health M&A transactions by region

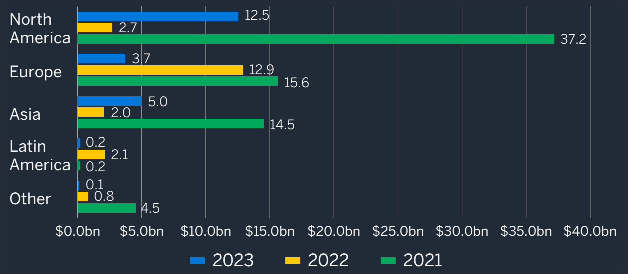
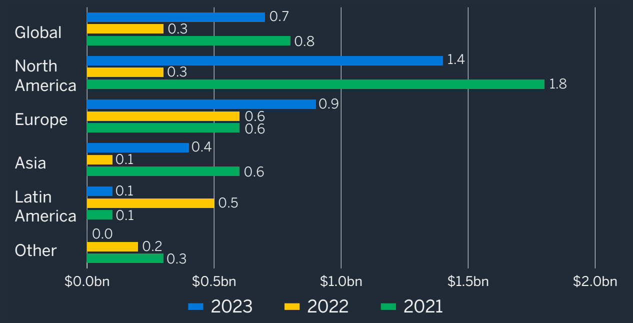
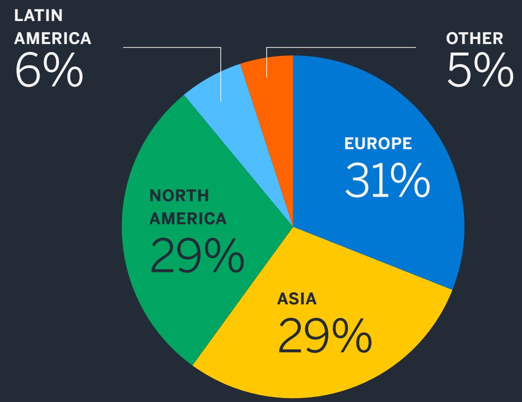


Figure 5: Average life and health M&A deal size by region



2023 transaction volumes:

- Europe led announced transaction volumes in 2023 — 25 announced transactions (34 in 2022) — accounting for 31% of global transactions.
- The volume of announced Asian transactions decreased to 23 transactions (33 in 2022) — 29% of global transactions.
- The volume of announced North American transactions decreased to 23 transactions (34 in 2022) — 29% of global transactions.
- Latin America recorded 5 announced transactions in 2023 — 6% of global transactions.



Most active countries in each region in 2023:

- North America: U.S. — 21 announced transactions
- Europe: Spain — 6 announced transactions
- Asia: India — 7 announced transactions
- Latin America: Mexico — 2 announced transactions

Publicly announced deal values — 2023:

- North America saw publicly announced deal values rise by 368% to $12.5 billion in 2023, following a lull in 2022.
- Asia also saw publicly announced deal values increase in 2023, rising by 152% to $5.0 billion.
- Meanwhile, publicly announced deal values in Europe decreased by 71% in 2023 to c. $3.7 billion, mainly driven by a megadeal (c. $5 billion) in 2022 and no deal of similar size in 2023.
- Latin America's publicly announced deal values also decreased in 2023, falling by 92% to c. $0.2 billion.
- The United States is the overall leading country in publicly announced deal values (c. $9.8 billion), driven by four large deals worth over $1 billion each.
- Spain (c. $2.5 billion), India (c. $1.9 billion), and Mexico (c. $0.1 billion) led the way in publicly announced deal values in Europe, Asia, and Latin America, respectively.
- Average publicly announced deal values increased by 104% to c. $0.7 billion in 2023. North America regained the top spot in terms of average publicly announced deal value — c. $1.4 billion.

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NORTH AMERICA

2023 overview and outlook

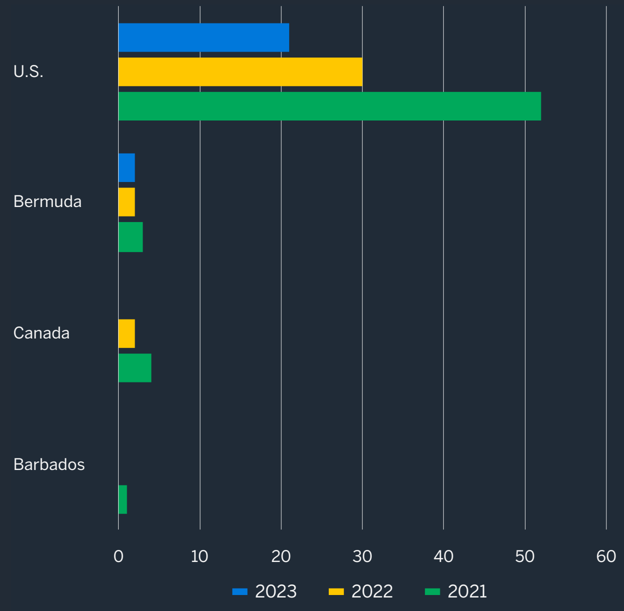
2023 overview

Market activity in 2023 appeared to signal stability in the North America M&A market with levels similar to 2022, this being a significant decrease from the unprecedented volume of deals in 2021. While the number of deals in 2023 was lower than 2022, several large transactions resulted in an overall increase in total announced deal size compared to the prior year. It does not seem likely that there will be another year with activity like 2021 in the near term; however, the past two years are indicative of a return to more typical activity levels for the North American life and health insurance M&A market.

Market activity in the United States continues to represent a vast majority of transactions in North America. With a large percentage of United States firms having operations in Bermuda, activity in the Bermuda market was comparable to the prior year despite the regulatory changes that were proposed and finalized over the course of the year. In 2023, the number of publicly announced transactions in North America decreased by 32% to 23, representing approximately 29% of all global life and health M&A transactions announced in 2023. The total publicly announced deal value in North America increased by 368% to $12.5 billion in 2023, which was largely driven by four multibillion-dollar transactions.

Interest rates continued to increase in 2023, and the U.S. stock market recovered to levels similar to those at the beginning of 2022. Like the prior year, the high interest rates continued to diminish the unrealized gains on some portfolios that were previously increasing insurance companies' appetite to explore potential transactions. The continued high interest rates and resulting negative mark-to-market impact on certain portfolios have led to further exploration of different reinsurance structures, helping reduce any adverse capital and tax impacts. Companies with ties to private equity (PE) firms and asset managers continue to be major players in the market and were associated with a significant majority of the publicly announced deal value in 2023 in North America. As we started to see in prior years, these firms are no longer limiting themselves to blocks with less complicated liabilities, and there were a number of transactions on blocks with complex insurance products such as universal life with secondary guarantees (ULSG) and variable annuities (VAs).

Figure 6: Number of announced life and health M&A transactions, North America



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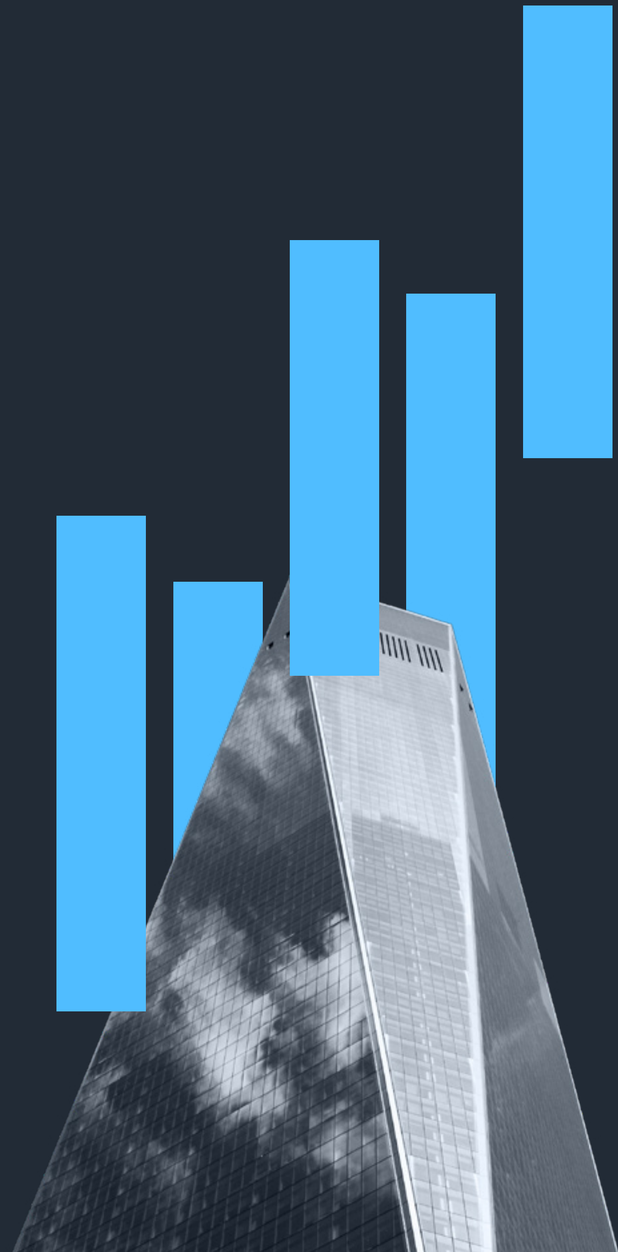
2023 overview and outlook

Firms are also looking to continue to expand on existing investments in the market, as demonstrated by Brookfield's completed acquisition of American Equity Investment Life and KKR's completed acquisition of the remaining 37% of Global Atlantic Financial Group.

Outlook

The increased total deal value in 2023 could represent a "return to normal" from a slower 2022, which followed the record-breaking activity in 2021. Possible changes in the regulatory environments in both the United States and offshore jurisdictions may encourage companies to review the alternatives for transactions under various deal structures and regulatory environments. In recent years, reinsurance sidecars[5] have gained popularity by creating a vehicle for life insurance companies, asset managers, and third-party investors to partner together. These companies are then able to leverage both the insurance expertise from insurance companies and the investment expertise on the asset manager side. Towards the end of 2023, Reinsurance Group of America (RGA) announced the launch of the first U.S. domiciled life reinsurance sidecar, Ruby Reinsurance (Ruby Re). In the coming years, as companies continue to focus on optimizing their balance sheets, it is likely that we will see an increase in transactions through sidecars and other alternative transaction structures.



[5] A financial entity set up by an insurance / reinsurance company that allows private investors to participate in the risks and benefits of the insurance / reinsurance business of the underlying insurer, typically via a quota share treaty.

Top publicly announced deal sizes in 2023 — North America

Announcement date	Target or issuer	Buyer	Seller	Transaction value ($m)	Country
27 June 2023	American Equity Investment Life Holding Company	Brookfield Reinsurance Ltd.	NA	3,586.6	U.S.
29 November 2023	Global Atlantic Financial Group Limited	KKR & Co.	Investor Group	2,600.0	Bermuda
25 May 2023	Annuity and Life Insurance Business	Global Atlantic Financial Group Limited	MetLife, Inc.	2,250.0	U.S.
09 October 2023	National Western Life Group, Inc.	Prosperity	NA	1,914.3	U.S.
17 May 2023	in-force individual life insurance business of FNWL	Resolution	Farmers New World Life Insurance Company	1,800.0	U.S.
03 October 2023	Vericity, Inc.	Ia American Holdings Inc.	NA	170.0	U.S.
01 May 2023	Midwest Holding Inc.	Antarctica Capital, LLC	NA	101.1	U.S.
06 June 2023	BF&M Limited	Bermuda Life Insurance Company Limited	Camellia Plc	100.0	Bermuda
19 January 2023	Atlanta Life Insurance Company	Atlanta Life Holdings, LLC	NA	10.0	U.S.

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NORTH AMERICA

Private equity, asset managers, and other consolidators: Key players in North America

Company	Parent Company	Transactions Publicly Announced in 2021-2023	Estimated AUM Associated with Transactions ($bn)
The Blackstone Group Inc.	The Blackstone Group Inc.	3	214
Brookfield Asset Management Reinsurance Partners Ltd.	Brookfield Asset Management Reinsurance Partners Ltd.	2	75
Fortitude Reinsurance Company Ltd.	The Carlyle Group / T&D Insurance Group	2	59
Talcott Resolution Life Insurance Company	Sixth Street Partners	2	46
Constellation Insurance Holdings, Inc.	Constellation Insurance Holdings, Inc.	2	39
Global Atlantic Financial Group Limited	KKR & Co. Inc.	3	38
Resolution Life US Holdings Inc.	Resolution Life Group Holdings LP	3	29
Venerable Insurance and Annuity Company	Apollo Global Management, Inc.	2	24
Somerset Reinsurance	Aquarian Holdings	2	18
Prosperity Life	Elliott Management Corporation	1	8
Wilton Re US Holdings, Inc.	Canada Pension Plan Investment Board (CPPIB)	2	3

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Private equity, asset managers, and other consolidators

2023 overview

M&A activity in the North American life and annuity sector was again dominated by private equity firms and asset managers. These firms benefit from the fee revenue earned from managing the large asset portfolios associated with insurance blocks, and insurers benefit from access to asset management expertise and alternative asset classes with the hopes of improved portfolio returns. The pattern of increased interest from PE firms and asset managers that we have seen over the last few years has held steady into 2023, with these firms largely increasing their shares in the North American market through strategic acquisitions and reinsurance deals. Prosperity Life's legal entity acquisition of National Western Life embodies this trend, reflecting an interest in the ongoing strategic value of new business operations beyond those that could be acquired in a block reinsurance agreement.

Following are some highlights of the larger transactions announced in 2023 that involved PE firms, asset managers, and PE-backed insurers:

- Brookfield Reinsurance expanded its ownership of American Equity Investment Life, purchasing the remaining shares it had not acquired as part of a 2020 investment and bringing Brookfield's insurance assets under management to over $100 billion.
- KKR announced the completion of its acquisition of Global Atlantic in 2023 for an estimated purchase price of $2.7 billion, further strengthening the partnership between the companies and demonstrating the perceived success of the strategic partnership.
- Fortitude Re grew its portfolio by reinsuring a block of annuity and ULSG from Lincoln Financial Group, representing approximately $28 billion in statutory reserves.
- Global Atlantic reinsured over $19 billion of MetLife's retail annuity and life insurance business for a ceding commission of $2.25 billion and estimated $1 billion of capital release, for a combined value of approximately $3.25 billion.
- Somerset Reinsurance expanded its ULSG portfolio by reinsuring a block of Prudential policies with $12.5 billion in reserves.

Outlook

Private equity and asset managers have consistently been successful in securing new deals in 2023, and there appears to be little evidence to suggest that will change in 2024. Market activity has shown a steady demand from PE-linked firms and asset managers, including interest in blocks consisting mostly of complex products such as ULSG. In the past, ULSG blocks may have been bundled in a transaction with a simpler block like fixed annuities to make the overall liability profile more attractive to some of these firms; however, the transactions with ULSG-dominated blocks in 2023 suggest a shift in demand from PE and asset management firms, signaling continued interest in 2024 from existing firms as well as the potential for new entrants in the market.

NORTH AMERICA

U.S. — Key transactions announced in 2023

30
Number of announced M&A transactions in 2022

21
Number of announced M&A transactions in 2023

Stable activity
Outlook

Announcement date	Buyer	Seller	Line of business	Block deal	Strategic / distribution	Transaction value ($M)	Estimated Liability ($B)
12 January 2023	Kuvare & Davidson Kempner Capital Management*	Kindley Re	Full Entity		X	400.0	N/A
28 March 2023	StanCorp Financial Group, Inc.	Elevance	Life & Disability		X	Undisclosed	Undisclosed
02 May 2023	Fortitude Re*	Lincoln Financial Group	Fixed Annuity, ULSG, LTC	X		Undisclosed	28.0
17 May 2023	Resolution	Farmers New World Life	Life Insurance	X		1,800.0	Undisclosed
24 May 2023	Constellation*	Prudential	Variable Annuity	X		240.0	10.0
25 May 2023	Global Atlantic Financial Group Limited	MetLife, Inc.	Fixed Annuity and Life Insurance	X		2,250.0	19.0
27 June 2023	Brookfield Reinsurance Ltd.	American Equity Investment Life Holding Company	Full Entity		X	3,586.6	44.8
01 July 2023	Wilton Re*	Transamerica	ULSG	X		175.0	1.4
24 July 2023	Somerset Re*	Prudential	ULSG	X		Undisclosed	12.5
09 October 2023	Prosperity	National Western Life	Full Entity		X	1,914.3	7.5
29 November 2023	KKR & Co.	Global Atlantic	Full Entity		X	2,600.0	58.5

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* These reinsurance-based deals have been included in this table for completeness and are not included in the statistics presented throughout this paper.

United States

2023 overview

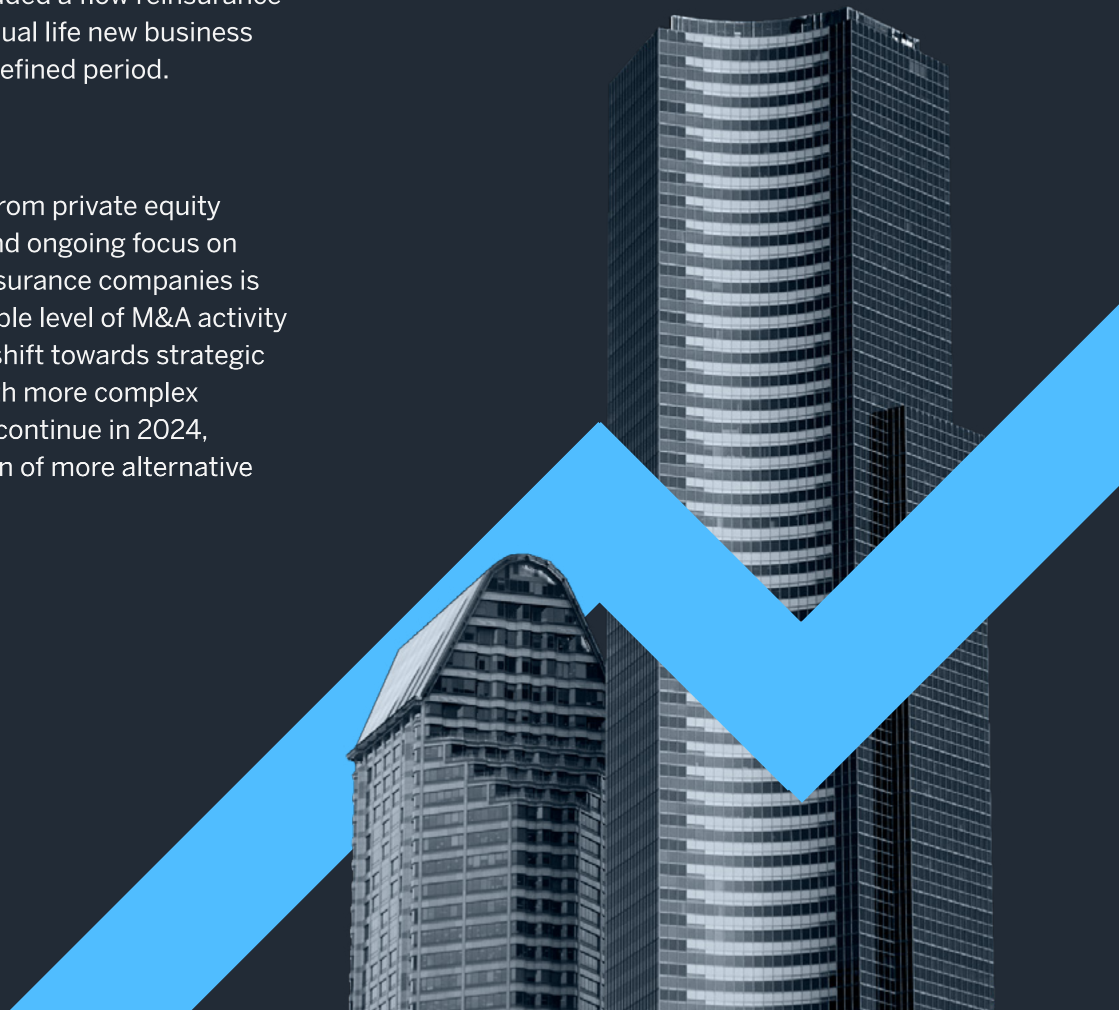
This year represented a continued evolution in the types of products included in deals, as well as the structure of the deals themselves. In addition to a higher number of reinsurance transactions, including blocks with complex liabilities like ULSG or VA, there was an increased number of strategic transactions compared to the prior year. The proportion of transactions relating to strategic/distribution-focused deals was higher than 2022, suggesting a forward-looking interest in market participation from PE-linked firms and asset managers beyond simply expanding the assets under management.

The legal entity acquisition of National Western Life by Prosperity was notable; the transaction was large, with a value of nearly $2 billion, and full legal entity acquisitions have been less common in recent years. The transaction also closed at a significant premium, with an agreed-upon share price that was 87% higher than the share price before public disclosures by National Western Life and 20% higher than the stock price before the deal announcement.

Farmers New World Life (FNWL) reinsured its entire block of individual life in-force business to Resolution Life, including both traditional and interest-sensitive life business. In turn, Resolution has partnered with Swiss Re and has retroceded all of the term life policies to the reinsurer. In addition to the in-force component, the transaction also included a flow reinsurance agreement on the individual life new business policies sold over a pre-defined period.

Outlook

The continued demand from private equity firms/asset managers and ongoing focus on strategic initiatives by insurance companies is expected to lead to a stable level of M&A activity in the U.S. in 2024. The shift towards strategic deals and block deals with more complex liabilities is also likely to continue in 2024, along with the exploration of more alternative transaction structures.



Offshore

2023 overview

U.S.-based life insurance companies continue to consider moving business offshore — most notably to Bermuda and the Cayman Islands — when establishing both sidecars and traditional reinsurance companies. In Bermuda, 5 Class C insurance companies and 4 Class E insurance companies registered with the Bermuda Monetary Authority (BMA) throughout 2023. This included the following:

- Soteria Reinsurance Ltd. (Soteria Re) was formed by Fidelity Investments as a retail annuity and pension risk transfer (PRT)-focused reinsurer.
- Prudential Financial, Inc., and Warburg Pincus announced Prismic Life Re, a licensed Class E life and annuity reinsurance company domiciled in Bermuda.
- CNO Financial Group and Principal Financial Group each established Class C reinsurance companies.

Aegon moved its legal domicile from the Netherlands to Bermuda after selling its Dutch insurance operations to competitor a.s.r. in 2022. The company will be regulated by the BMA but will maintain its headquarters and tax residence in the Netherlands.

Several Bermuda-based reinsurers also announced transactions with Japanese insurers, including the first block transaction in Japan for Athene. The activity may represent an upward trend in activity outside of the United States for Bermudian reinsurers, as many companies appear to be exploring other markets for both in-force and flow deals that could be brought to Bermuda.

Key reinsurance* deal activity in Bermuda in 2023 involved the following transactions:

- Bermuda-based Somerset Re announced a reinsurance agreement for a Prudential ULSG block with approximately $12.5 billion of reserves.
- Davidson Kempner Capital Management entered the Bermuda reinsurance market with a $400 million minority investment in the newly formed Bermuda-domiciled reinsurer Kindley Re.
- Fortitude Re closed a reinsurance deal with Lincoln Financial Group for $28 billion of liabilities, including fixed annuities, ULSG, and their MoneyGuard product. The company also reinsured two whole life blocks from Japanese insurers.
- Resolution re-entered the UK PRT market, agreeing to reinsure pension liabilities for an undisclosed leading UK-regulated insurer.
- Athene executed its first block reinsurance transaction in Japan, reinsuring a block of Japan-domiciled FWD Life Insurance Co.'s whole life business.
- Global Atlantic sponsored a reinsurance sidecar-like co-investment vehicle with Japan Post Insurance and entered a block reinsurance agreement with ManuLife for $10 billion of its U.S. and Japan life, annuity, and long-term care business.
- Kuvare Holdings executed two fixed annuity flow reinsurance deals with Japanese insurers, as well as a block annuity deal sold through a multinational firm's Hong Kong platform.

* Please note that these reinsurance deals are not included in the statistics presented in this paper.

Offshore

The Cayman Islands has long been recognized as a leading jurisdiction for healthcare captives and also the global leader in alternative funds. Most recently, the jurisdiction has seen tremendous growth with the issuance of 40 new international licenses by the Cayman Islands Monetary Authority (CIMA), the highest number of licenses issued in a year for the past decade. Along with that, we have also seen increased life reinsurance interest in the Cayman Islands, with both Aspida Re Cayman and Ibexis Reinsurance Company receiving their insurer license in the fourth quarter of 2023.

Flow reinsurance* transactions have been a large component of reinsurance activity in Bermuda, and this remains true in 2023, especially as many companies focused on writing annuity business in the favorable rate environment. The popularity of flow reinsurance transactions in Bermuda is likely to continue in the near future, with Resolution Re announcing a flow reinsurance transaction with a Japanese insurer in February 2024.

Outlook

Companies continue to test impacts resulting from regulatory changes outlined in the consultation paper (CP) and the second consultation paper (CP2) issued by the BMA in 2023. The more stringent treatments of lapse, expense, and investment risk have encouraged companies to increase consideration of both the liability and asset profiles of business that may be placed in Bermuda. The targeted enhancements implemented by the BMA in its Economic Balance Sheet (EBS) regulatory framework emphasizes the increased importance of proper asset-liability management (ALM) and overall risk governance when considering suitable blocks for Bermuda.

Although the regulatory framework in Bermuda has changed over the past few years and the Cayman Islands is still in fairly early stages of growth for the life and annuity industry, the strong regulatory environments, economically based regimes, growing support network in the Cayman Islands, and established support network in Bermuda have allowed life insurance companies to consider both Bermuda and the Cayman Islands when considering the optimal environment for certain blocks of business.

We note that, in January 2024, it was reported that the Bermuda-based reinsurer, Monument Re, which has business in Bermuda and several European countries, has launched a sale process. This sale process is expected to seek replacements for some of its existing investors and could see a private equity group gaining majority control of the company.

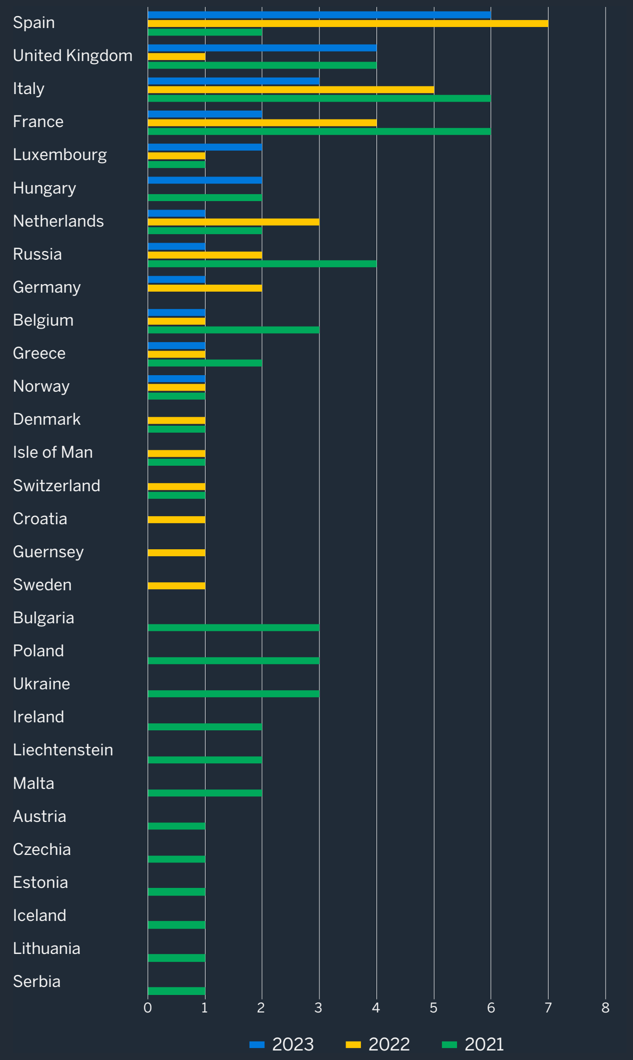
* Where the reinsurer takes on a portion of the cedant's new business on an ongoing basis.

EUROPE

EUROPE

2023 overview and outlook

Figure 7: Number of announced life and health M&A transactions, Europe



2023 overview

2023 continued the general trend of declining M&A activity in the European life and health market. The number of announced Europe-based transactions decreased by around 25% year-on-year, to 25 (34 transactions in 2022). In each of the seven years from 2017–2023, the number of announced life and health transactions has reduced, with the exception of 2021, which saw an uptick in announced deals, partially due to the backlog of deals and other associated impacts that arose from the COVID-19 pandemic. The declining activity is somewhat expected, given the steady increase in the consolidation of life and health business in many of Europe's key markets and the resulting lack of opportunities.

The drop-off in the number of announced transactions in 2023 also translated to a significant fall in total publicly announced deal values in Europe (a decrease of 71% to $3.7 billion in 2023). In 2023, the largest announced deal size was c. $2.5 billion (c. $5.2 billion in 2022).

The number of European transactions accounted for approximately 31% of all global life and health M&A transactions announced in 2023 (26% in 2022).

As was the case for 2022, Spain was the most active European market in terms of the number of announced transactions (6) in 2023. Spain also had the highest publicly announced deal value in Europe (c. $2.5 billion, which was in respect of Generali's acquisition of the multiline insurer, Liberty Seguros).

Figure 8: Deal value and volume, Europe

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2023 overview and outlook

Outlook

The European life and health M&A market is expected to remain reasonably active in 2024, with activity levels most likely being consistent with those observed in recent years. We do not currently expect a significant increase in the number of life and health transactions in 2024, given the high levels of consolidation in several European markets and the wave of reorganization and strategic review activity that occurred from 2021–2023 (noting that many large multinational insurers have completed their disposals of non-core portfolios in Europe, following strategic reviews around the time of the COVID-19 pandemic).

That said, there are certain drivers that could increase transaction volumes in Europe. For example, many European markets have experienced steep interest rate increases in response to inflationary pressures, and markets are typically not expecting a near (or even medium) term return to the low interest rate environment as seen prior to COVID-19 and the Russian invasion of Ukraine. The longer-term expectations of the higher interest rate environments in Europe may lead to the reconsideration of business models and strategic reviews, and the resulting disposal of non-core portfolios. Many insurance groups have opted to wait for the economic volatility to settle before making a judgment call on the suitability of their portfolios.

Generally speaking, the impacts of the high inflation, high interest rate environment on European insurers' balance sheets have been limited and are not expected to be a significant driver of M&A activity going forward. However, the impacts vary with each market and with each individual insurer. We note that many European insurers are experiencing high lapse rates on life and health business, due to cost-of-living pressures and the increased competitiveness of traditional savings business. In addition, due to the interest rate increases, several European insurers are experiencing unrealized losses on their fixed income assets, which has resulted in increased lapse risk and increased mass lapse capital requirements. These impacts could drive future sale processes.

The reviews of the Solvency II regulations in the UK and EU are also potential drivers of life and health M&A. Several changes have been, or are due to be, implemented in the UK and the EU. One of the key changes to insurers' balance sheets is the amendment, or proposed amendment, to the calculation of the Risk Margin. In the UK, the calculation of the Risk Margin was amended from 31 December 2023, to apply a lower cost of capital and a tapering factor, with these changes expected to result in Risk Margin decreases of c. 60%–70% for long-term life insurers. Similar changes have been proposed by the European supervisory board,[6] which are expected to come into force no earlier than 2026. All else being equal, the Risk Margin calculation amendments will improve the solvency positions of life and health insurers, which will increase spending power but may reduce the need to dispose of capital-intensive portfolios.

[6] European Insurance and Occupational Pensions Authority (the European supervisory authority for occupational pensions and insurance).

Top publicly announced deal sizes in 2023 — Europe

Announcement date	Target or issuer	Buyer	Seller	Transaction value ($m)	Country
15 June 2023	Liberty Seguros, Compania de Seguros y Reaseguros, S.A.	Assicurazioni Generali S.p.A.	Liberty Mutual Insurance Company	2,492.7	Spain
25 September 2023	AIG Life Limited	Aviva plc	Corebridge Financial, Inc.	563.8	United Kingdom
07 March 2023	Intesa Sanpaolo RBM Salute S.p.A.	Intesa Sanpaolo Vita S.p.A.	RBHold S.p.A.	384.5	Italy
01 January 2023	Banco BPM Assicurazioni S.p.A.	Crédit Agricole Assurances S.A.	Banco BPM S.p.A.	275.5	Italy

We look at European transaction value metrics on pages 48-49.

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Private equity and private asset managers in Europe

Key private equity and asset management firms with life and health insurance business in Europe

Country	Company
Belgium / Luxembourg	Athora Holding Ltd.*
	The Blackstone Group Inc
	Monument Re**
France	AnaCap Financial Partners Limited
	The Blackstone Group Inc
Germany	Athora Holding Ltd.*
	Cinven Group Limited
	Fosun International Limited
Greece	CVC Capital Partners
	Fairfax Financial Holdings Limited
Ireland	Athora Holding Ltd.*
	Monument Re**
Italy	APAX Partners LLP
	Athora Holding Ltd.*
Netherlands	Athora Holding Ltd.*
	Sixth Street Partners
Spain / Portugal	APAX Partners LLP
	Elliott Investment Management L.P.

2023 overview

There continued to be a strong presence of private equity firms or private equity-backed insurers in the European life and health insurance M&A market in 2023.

In the UK, Bspoke Insurance Group Ltd., which is backed by private equity investors RCapital Partners LLP and MIG Partners LLP, agreed to acquire Police Mutual Healthcare (PMHC) and Police Mutual General Insurance (PMGI) businesses from The Royal London Mutual Insurance Society Limited (Royal London).

In the Netherlands, Athora Netherlands (under the Zwitserleven brand) reached an agreement to acquire a pension portfolio of Onderlinge 's-Gravenhage, with a view to growing further as a leading pension insurer in the Netherlands.

In Belgium and Luxembourg, Monument Re acquired two portfolios, one from Integrale Luxembourg and the other from La S.C.R.L. FEDERALE Assurance. These acquisitions are consistent with its consolidation strategy in these markets.

In Spain, Elliott Management, through its company Mediterráneo Vida, reached an agreement to acquire a closed life insurance portfolio from Sa Nostra Compañía de Seguros de Vida, S.A. This transaction is consistent with the firm's strategy to acquire, integrate, and optimize life insurance business.

In Germany, Fosun International, via its insurer Frankfurter Lebensversicherung AG, acquired Generali Deutschland Pensionskasse, following approval from the German regulator (BaFin).

Outlook

Private equity demand for European life and health insurance business is expected to remain high, despite the high interest rate environment and the general economic and political uncertainty. Many European regulators have historically been generally accepting of private equity investment in European life and health insurers, although investments have been subject to increasing levels of scrutiny. However, recent events have caused some uncertainty around European regulators' acceptance of private equity. In particular, in 2023, the Italian insurer, Eurovita, which was owned by Cinven, was rescued by a consortium of Italian insurers following demands from the Italian regulator for Cinven to inject capital.

* Backed by Apollo Global Management, Inc.
** Although not a typical private equity firm, Monument Re, whose shareholders include individual and institutional investors (such as investment companies), is active in Ireland, Belgium and Luxembourg.

Private equity and private asset managers in Europe

Then, in January 2024, it was announced that the sale of Zurich Germany's $20 billion legacy life book to Cinven's German insurer, Viridium, will not proceed; this was reported as being due to concerns expressed by BaFin. At the time of writing, the impacts of these events on future PE investment is unknown; however, we note that several private equity–linked deals were approved over the course of 2023, including an approval from the German regulator (BaFin). We expect that these recent events will have a relatively limited impact on the appetites of private equity firms for European life and health business. In the UK, we are seeing significant private equity interest for exposure to the UK bulk purchase annuity space, given the potential for growth in the market. Many private equity firms have raised additional funds in recent years, and, following the lower levels of M&A activity in 2022/2023, there is significant "dry powder" that will eventually need to be deployed. Since PE firms focus on the generation of distributable Solvency II Own Funds that can be paid as dividends, rather than short-term profit and loss, they typically have more flexibility in the management process.

We expect that private equity–linked transactions will to continue to use sophisticated techniques to increase the returns on any acquired insurance business, such as deploying asset management and administration agreements, using financial instruments to optimize capital, and investing in illiquid and alternative asset classes.

As noted in the North America section, in January 2024, Monument Re, which has business in several European countries, launched a sale process; it is expected to seek replacements for some of its existing investors and could see a private equity group gaining majority control of the company.

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UK — Announced life and health M&A transactions in 2023

1
Number of announced M&A transactions in 2022

4
Number of announced M&A transactions in 2023

Stable activity
Outlook

Announcement date	Target or issuer	Buyer	Seller	Transaction value ($m)
29 November 2023	Police Mutual Healthcare and Police Mutual General Insurance Businesses	Bspoke Insurance Group Ltd	The Royal London Mutual Insurance Society Limited	Undisclosed
25 September 2023	AIG Life Limited	Aviva plc	Corebridge Financial, Inc.	563.8
16 May 2023	Onshore Individual Protection Line of Business Of Canada Life Limited	Countrywide Assured plc	The Canada Life Assurance Company	Undisclosed
04 April 2023	Individual protection line of business of AEGON UK Plc	The Royal London Mutual Insurance Society Limited	Aegon N.V.	Undisclosed

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UK

2023 overview

The UK life and health M&A market was relatively busy in 2023, with four announced transactions:

- Bspoke Insurance Group Ltd., which is backed by private equity investors RCapital Partners LLP and MIG Partners LLP, agreed to acquire the healthcare and general insurance elements of the PMHC and PMGI businesses from Royal London. Under the transaction, c. 250,000 general insurance policies and c. 16,000 healthcare policies will transfer to Bspoke Group, subject to regulatory approval.
- Aviva plc (Aviva) acquired AIG Life Limited (AIG Life UK) from Corebridge Financial, Inc., a quoted subsidiary of American International Group, Inc. (AIG), for a consideration of £460 million (c. $564 million). AIG Life UK has approximately 1.3 million individual protection customers and 1.4 million group protection customers. The transaction is to be funded using internal Aviva resources. As part of the transaction, Aviva will also recapture the economics of the business that AIG Life UK reinsures internally to the wider AIG Group. Aviva announced that the transaction consideration represents 0.9x (i.e. 90%) of AIG Life UK's Solvency II Own Funds, after adjusting for expected capital synergies. The transaction, which is expected to close in the first half of 2024 following the necessary regulatory approvals, supports Aviva's strategy to grow capital-light businesses and accelerates its growth in the UK protection market.
- European life and pensions consolidator Chesnara Plc agreed to acquire the onshore individual protection business of Canada Life UK for an undisclosed amount. The portfolio consists of c. 47,000 individual protection customers. Chesnara announced at the time that the transaction adds additional scale to its business and provides an attractive return on investment for its shareholders. The policies are expected to transfer to Chesnara's insurer, Countrywide Assured, in 2024, subject to the completion of a UK court-approved Part VII transfer. Canada Life closed its onshore individual protection to new business in November 2022. At the time of the announcement, Canada Life noted that it will continue to focus on its international (offshore) protection and group protection business.
- Royal London reached an agreement with Aegon UK to acquire its individual protection line of business. The portfolio consists of life, critical illness, and income protection policies for over 400,000 customers, and was closed to new business in April 2023. Under the terms of the agreement, Aegon UK will initially reinsure the portfolio to Royal London, which is to be followed by a UK Court-approved Part VII transfer of the protection book to Royal London in 2024. The transaction is not expected to have a material financial impact on the capital position and operating capital generation of Aegon UK and its main insurance legal entity, Scottish Equitable Plc. Royal London's group chief executive said at the time that the advised nature of Aegon's individual protection customer base makes it a "perfect strategic fit," and that the transaction strengthens Royal London's position in the UK protection market.

UK

Outlook

The UK life and health insurance M&A market was relatively active in 2023 when compared to 2022 (only one announced transaction). It is expected that transaction activity will continue at a similar level, though significant increases in transaction volumes are generally not expected, given the lack of available targets and the high level of consolidation in the market (approximately 85% of policyholder liabilities are held by the top ten firms in the market).

There is a mixture of potential small-, medium-, and large-sized transactions that have been widely rumored in the press. We note that 2023 saw a wave of individual protection book sales, and 2024 could see further protection book disposals, as UK insurers assess and adapt their business models. In the UK, many insurers are gearing up for, or switching focus to, the UK bulk purchase annuity/PRT space, given the high levels of expected pension scheme buyouts in the short-medium term, reflecting the improved funding positions of many pension schemes in the higher interest rate environment. This switch of focus could lead to the disposal of non-core books, particularly those that don't complement annuity-style liabilities.

The large consolidators in the market, including Phoenix, Royal London, Chesnara, and Utmost, are expected to show a keen interest in UK life and health insurance opportunities. As previously noted, the demand for acquisitions from these consolidators is ever-increasing, as they seek economies of scale. Due to the general lack of traditional opportunities in the market, there is the potential for a megadeal to arise, which could see a merger between consolidators or a market exit by a consolidator. However, many firms are looking to increase activity in, or enter, the UK PRT space, which could reduce the need for any market exits or large consolidator mergers.

We expect to see activity in the mutual and friendly society space in the medium term, although any activity will most likely be concentrated toward the smaller mutuals and friendly societies, as they look to manage their expenses and runoff of member numbers/policyholders.

UK

The review of Solvency II in the UK could be a catalyst for future transactions. The calculation of the risk margin for UK insurers under Solvency II was amended from 31 December 2023, to apply a lower cost of capital rate (4% instead of 6%) and an amended formula, which will include a risk margin tapering factor. This will increase the solvency of UK life and health insurers, all else being equal. In addition, there are other new Solvency II rules that are due to come into force in 2024; the reforms include simplifications to the calculation of the transitional measures on technical provisions, streamlined reporting, and rule changes that will enable broader and quicker investment by insurers in their matching adjustment portfolios.

Private equity firms are expected to be involved in the bidding processes for any larger-sized UK life and health insurance opportunities. We expect to see a heightened interest in any opportunities that involve the potential acquisition of an entire life insurance company with the necessary UK insurance approvals, given that this could enable a new PE entrant to enter the UK consolidation space or the UK PRT space. The regulators in the UK are generally accepting of private equity companies, though this could be affected by the recent events surrounding Eurovita and the Italian regulator.

EUROPE

Italy — Announced life and health M&A transactions in 2023

5
Number of announced M&A transactions in 2022

3
Number of announced M&A transactions in 2023

Stable activity
Outlook

Announcement date	Target or issuer	Buyer	Seller	Transaction value ($m)
27 November 2023	BCC Vita S.p.A.	BNP Paribas Cardif S.A.	Assicurazioni Generali S.p.A.	Undisclosed
07 March 2023	Intesa Sanpaolo RBM Salute S.p.A.	Intesa Sanpaolo Vita S.p.A.	RBHold S.p.A.	384.5
01 January 2023	Banco BPM Assicurazioni S.p.A.	Crédit Agricole Assurances S.A.	Banco BPM S.p.A.	275.5

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Italy

2023 overview

Following a busy 2022 that was dominated by transactions linked to bancassurance reorganizations, the Italian life and health insurance transactions market remained relatively busy in 2023, with three announced transactions:

- The France-based insurer, BNP Paribas Cardif (BNP), agreed to acquire from the Italian cooperative bank, BCC Iccrea Group, a 51% stake in its life insurance arm, BCC Vita, a life and protection provider. As part of this transaction, BCC Banca Iccrea (the parent of BCC Iccrea Group) and BNP signed a strategic bancassurance partnership; this will enable BNP to sell its life insurance products and diversify its activities as a result of new distribution networks across Italy, including through BCC Iccrea Group's Cooperative Credit Banks. Subject to performance, BNP will be able to extend the duration of the partnership to 15 years and acquire a further 19% share of BCC Vita. BNP has a strategic plan in place, which aims to reinforce its position in the insurance market worldwide through new business opportunities.
- Intesa Sanpaolo and Intesa Sanpaolo Vita approved the purchase of the remaining 26.2% of healthcare insurer Intesa Sanpaolo RBM Salute (RBM) for €360 million. This is in advance of two call options initially set for 2026 and 2029. Intesa Sanpaolo noted that the transaction aims to support the improvement of customer services, quality standards, and control over the services offered under RBM by increasing synergies with the Intesa Sanpaolo Group. The health sector is a key area of growth for Intesa Sanpaolo's insurance division.
- The France-based insurer Crédit Agricole Assurances completed the acquisition of 65% of the share capital of Vera Assicurazioni, its subsidiary Vera Protezione, and Banco BPM Assicurazioni from Banco BPM, and the launch of a 20-year distribution agreement for non-life, personal protection, and creditor insurance products and services in Banco BPM's network, which has around 1,500 branches in Italy. The transaction is in line with Crédit Agricole Assurances' 2025 strategic plan and marks another major step in its international development. Following the announcement of the transaction at the start of 2023, the company announced that all regulatory and antitrust approvals were obtained. Following this transaction, Crédit Agricole Assurances operates in Italy through CA Vita and CA Assicurazioni, the branches of Crédit Agricole Creditor Insurance (fully owned by Crédit Agricole Assurances), as well as Banco BPM Assicurazioni, Vera Assicurazioni, and Vera Protezione (owned at 65% by Crédit Agricole Assurances and 35% by Banco BPM).

Italy

Outlook

The level of activity in the life and health insurance M&A market in Italy is expected to decrease in 2024 when compared to recent years. This expectation reflects concerns in the market regarding lapse risks, as well as the uncertainty created by recent events surrounding Eurovita.

With respect to lapse rates, the increases in interest rates over 2023 has led to many Italian insurers experiencing unrealized losses on their fixed income assets. This has led to increased lapse risk on low-guarantee participating savings business, as well as increased capital requirements, due to mass lapse risk in particular (in this scenario, many insurers would need to sell fixed income assets at a loss). The Italian market is particularly exposed to unrealized losses, due to generally less punitive surrender conditions than many other European markets. The Solvency II Standard Formula calibration for mass lapse risk is believed by many in the industry to be overly punitive, and consequently, some companies may look to move to an internal or partial internal model approach.

For several years, participating life savings business has been a key driver of the Italian life market. However, the uncertainty around lapse risk in the high interest rate environment, leading to increased capital strain and liquidity concerns, coupled with increased rates on alternative savings vehicles (potentially exceeding what life insurance industry can offer on guaranteed terms) has made selling new life business more challenging than previous years. The prospects for the Italian life market depend on how rates develop and how insurers can adapt to the more difficult environment (e.g., through new product designs).

We expect the uncertainty on lapse risk to be a deterrent to potential buyers of life business in Italy, which could limit transaction activity going forward; however, on the contrary, the increased lapse risks and lower new business volumes may increase the appetite of insurers to sell affected books and possibly lead to the consolidation of mid-sized insurers.

Private equity remains interested in the Italian life and health market; however, following recent events surrounding Eurovita, it is widely expected that the Italian regulator IVASS will impose much stricter conditions on any future PE investors in the Italian market, in order to avoid similar scenarios. Following Eurovita being put into temporary administration by IVASS in early 2023 and a temporary ban on surrenders,[7] it was announced in June 2023 that five Italian insurers had agreed a multibillion-euro rescue deal for Eurovita. This rescue deal will see these insurers invest in a new company to secure Eurovita's assets (c. €10 billion). In October 2023, IVASS authorized a new insurance company, Cronos Vita Assicurazioni S.p.A. (Cronos), which later that month acquired the entire policy portfolio of Eurovita. It is intended that Cronos will manage the portfolio with a view to transferring it back to the shareholder companies within a two-year period.

We understand that some larger players are interested in selling blocks of capital-intensive in-force business. However, it is uncertain whether market conditions will be favorable enough to allow a sale of these blocks at a reasonable price. We also expect to see further transactions and consolidations involving bancassurance businesses and agreements, and potentially, the acquisition of life insurers by banks.

[7] Due to sharply rising interest rates, Eurovita had substantial exposure to Mass Lapse, and its Mass Lapse (and therefore total) SCR increased significantly, creating solvency and liquidity concerns.

EUROPE

Spain and Portugal — Announced life and health M&A transactions in 2023

Spain

7
Number of announced M&A transactions in 2022

6
Number of announced M&A transactions in 2023

Stable activity
Outlook

Portugal

0
Number of announced M&A transactions in 2022

0
Number of announced M&A transactions in 2023

Stable activity
Outlook

Announcement date	Target or issuer	Buyer	Seller	Transaction value ($m)	Country
06 July 2023	Run-off life insurance portfolio of Sa Nostra Vida	Mediterraneo Vida, S.A. de Seguros y Reaseguros	SA NOSTRA Compañía de Seguros de Vida S.A.	Undisclosed	Spain
20 June 2023	Health business of Asefa, S.A. Seguros y Reaseguros	Sanitas Estepona	Asefa, S.A. Seguros y Reaseguros	Undisclosed	Spain
15 June 2023	Liberty Seguros, Compania de Seguros y Reaseguros, S.A.	Assicurazioni Generali S.p.A.	Liberty Mutual Insurance Company	2,492.7	Spain
26 April 2023	insurance portfolio of the health insurance branch of Sociedad Filantrópica del Comercio, Industria	Hermandad Nacional de Arquitectos	Sociedad Filantropica del Comercio, Industria y Banca de Madrid Mutualidad de Previsión Social a prima Fija	Undisclosed	Spain
11 February 2023	Previasa Vida S.A.	DKV EURO SERVICE GmbH + Co. KG	NA	Undisclosed	Spain
02 January 2023	Igualatorio De Prevision Sanitaria S.A. De Seguros	FIATC Mutua de Seguros y Reaseguros	NA	Undisclosed	Spain

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Spain and Portugal

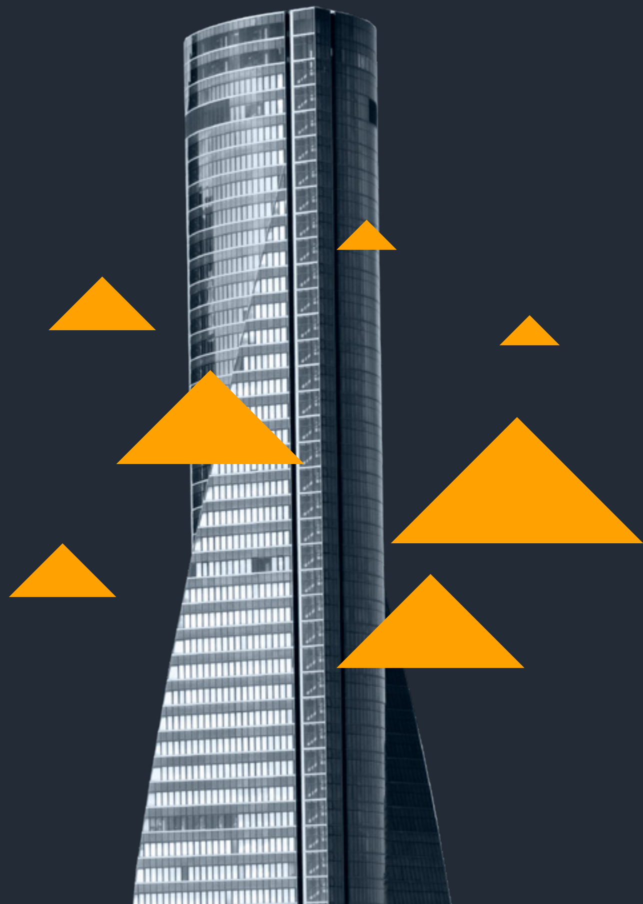
2023 overview

The Spanish market experienced a slightly quieter year in 2023 compared to 2022 in terms of life and health M&A transactions, with six announced transactions. However, Spain remained Europe's most active life and health M&A market in 2023, despite a drop-off in the bancassurance consolidation activity that was seen in 2022.

There were no announced life and health transactions in the Portuguese life and health market during 2023 (this was also the case for 2022).

The following notable transactions were announced in Spain:

- Mediterraneo Vida, S.A. de Seguros y Reaseguros (MedVida), a Spanish consolidator owned by Elliot Investment Management that specializes in managing long-term life insurance savings and annuity portfolios, reached an agreement to acquire a closed life insurance portfolio from Sa Nostra Compañía de Seguros de Vida, S.A. The portfolio includes around 30,000 policies, which are a mixture of life, savings, and retail annuity policies. The transaction is subject to regulatory approval and is expected to be completed during the first half of 2024. Upon completion, MedVida will receive €170 million in technical provisions and €10 million in premiums per year. The transaction serves to support the firm's business strategy to acquire, integrate and optimize life insurance business.
- Sanitas Estepona, an insurance services provider, completed the acquisition of the health business of Asefa, S.A. Seguros y Reaseguros (ASEFA), an insurance firm focusing primarily on non-life, but also offering health insurance such as income protection. Financial terms were not disclosed. Through this transaction, Sanitas has increased the number of clients in its health insurance portfolio by 34,000, which currently stands at over 2.4 million policyholders. The employees of the ASEFA health business will also become part of the Sanitas workforce as part of the agreement.
- Italian insurance group Generali reached an agreement with Liberty Mutual to acquire Liberty Seguros for €2.3 billion ($2.5 billion), a multiline insurance entity domiciled in Spain, that operates in Spain and Portugal, as well as Ireland and Northern Ireland. As a result of the transaction, Generali's solvency ratio is estimated to rise by 9.7 percentage points. It will become the fifth-largest insurer in the Spanish market.



Spain and Portugal

- An undisclosed buyer entered into an agreement to acquire a health insurance portfolio from Sociedad Filantrópica del Comercio, Industria y Banca de Madrid, Mutualidad de Previsión Social.
- The mutual insurer FIATC Mutua de Seguros y Reaseguros acquired a majority stake in Igualatorio De Prevision Sanitaria S.A. De Seguros, a public health insurer. It was noted at the time that the acquisition is part of the mutual company's growth strategy in the health sector.

Outlook

The Spanish life and health M&A market is expected to remain active in 2024 and beyond, though we expect the Portuguese market to remain relatively quiet.

The high interest environment may drive future M&A activity, for savings portfolios in particular. Savings portfolios were often inefficient in the low interest environment, and the higher interest rate outlook may help to close pricing gaps between buyers and sellers.

The Spanish and Portuguese markets continue to show an increase in the consolidation of insurers, particularly in the bancassurance market. In the Spanish market, the concentration of total technical provisions among the 10 largest insurers has been steadily increasing (currently around 75% in 2023). We expect to see further consolidation transactions going forward.

We are aware that many Spanish and Portuguese insurers are facing challenges with long-term guarantee portfolios, due to low profitability, high cost of capital, high operational requirements, and high volatility under IFRS 17. These challenges could see the sale of long-term guarantee portfolios.

Many insurers are looking for acquisition opportunities in the market, with demand typically outweighing supply. In the absence of corporate transaction opportunities, insurers are looking for new distribution agreements with non-insurance entities in the search of future growth.

Elliott Investment Management (Spain) and APAX Partners (Portugal) are the key private equity players in the market. There has been relatively limited PE transaction activity in recent years; however, we understand that there is still appetite from PE players for life and health business in Spain and Portugal. As noted above, Elliott Investment Management, through their company Mediterráneo Vida, completed a transaction in 2023 and is actively seeking to purchase additional run-off life portfolios.

France — Announced life and health M&A transactions in 2023

4
Number of announced M&A transactions in 2022

2
Number of announced M&A transactions in 2023

→
Stable activity
Outlook

Announcement date	Target or issuer	Buyer	Seller	Transaction value ($m)
19 December 2023	Mutuelle Bleue	VIASANTÉ Mutuelle	NA	Undisclosed
21 April 2023	French Life Insurance activities of Ageas	Mutuelle d'Epargne, de Retraite et de Prévoyance Carac	ageas SA/NV	Undisclosed

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France

2023 overview

The French life and health market experienced a quieter year in 2023, with two announced transactions:

- By way of a merger transaction, VIASANTÉ Mutuelle, a multiline mutual insurer, agreed to acquire Mutuelle Bleue, a mutual life and health insurer. The merger became effective on 31 December 2023, following approval by the French Prudential Supervision and Resolution Authority. VIASANTÉ Mutuelle, which sits under the social protection group AG2R La Mondiale, announced that the merger further strengthens its position as the leading social protection group in France.
- The life and health mutual insurer Mutuelle d'Epargne de Retraite et de Prévoyance Carac acquired the French life insurance activities of Ageas SA/NV. The acquisition consisted of Ageas France, Ageas Retraite, Ageas Patrimoine, and Sicavonline from Ageas. Ageas announced at the time of completion that the transaction would increase Ageas' liquidity by €185 million and its Solvency II Pillar II ratio by 9%, based on the position by the end of June 2023. Ageas previously noted that the business disposal is part of its plan to optimize its European portfolio and focus on its crucial markets in the area. The transaction was completed in September 2023, following all necessary regulatory approvals being obtained.

2023 also saw two French insurers (BNP Paribas Cardif and Crédit Agricole Assurances) announce transactions that increased their exposures to the Italian life and health insurance market. In particular, BNP Paribas Cardif agreed to acquire a 51% stake in BCC Vita, an Italian life and health protection provider. Crédit Agricole Assurances acquired 65% of the share capital of Vera Assicurazioni, its subsidiary Vera Protezione, and Banco BPM Assicurazioni from Banco BPM. These transactions reflect the strategic growth initiatives of these two insurers. These transactions are discussed in more detail on page 27.

France

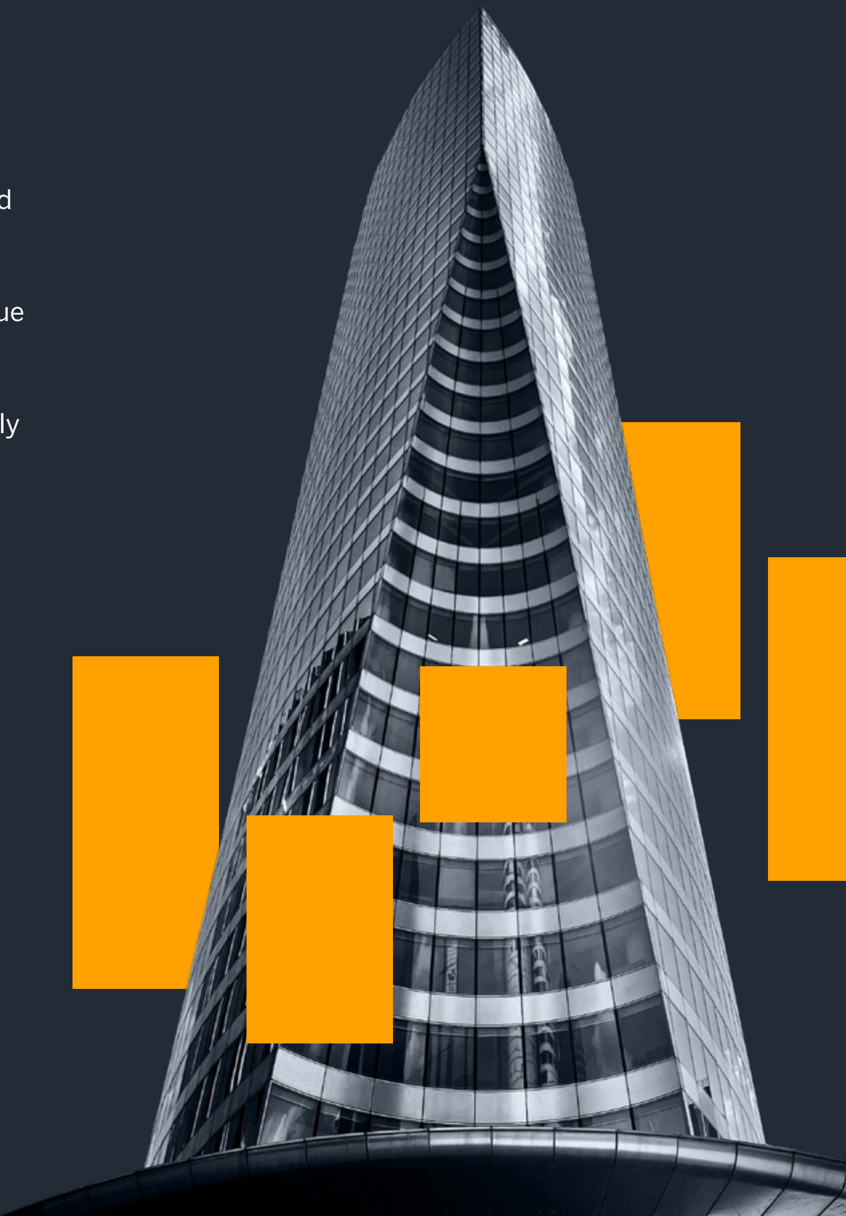
Outlook

M&A activity in the French life and health insurance market is expected to remain stable in 2024, although cross-border operations and transactions may increase, given the strategic initiatives of certain French insurers. Private equity appetite for French life and health insurance business still remains; however, it appears to have been dampened, possibly due to the recent increases in interest rates and enhanced regulatory scrutiny of PE investment by European regulators.

For 2024, the key drivers for French life insurance M&A are likely to be the strategic initiatives of insurers, and the prevailing economic market conditions (in particular, the interest rate environment). Similarly, for the French health M&A market, strategic initiatives for future growth are likely to drive activity, although there is some uncertainty around profitability as health expenses may increase (due to mental health or long-term sick leave in particular). For French life insurers, the risk of mass lapse (or strong deviation from best estimate lapse rates) is considered possible. In this context, some life insurers have put in place, or are investigating the use of, reinsurance protection to help mitigate their exposure to mass lapse risk.

We note that the increases in interest rates over 2023 have led to many French insurers experiencing unrealized losses on their fixed income assets. This has increased lapse risk exposures on low guarantee participating savings business, as well as increased capital requirements, due to mass lapse risk in particular (in this scenario, many insurers would need to sell fixed income assets at a loss). Similarly to the Italian market, French insurers are particularly exposed to unrealized losses, due to generally less punitive surrender conditions than many other European markets. These impacts could drive future disposals, particularly if interest rates remain high.

Beyond 2024, we expect to see possible acquisition opportunities in respect of small/middle market players in France. For example, strategic reviews under a higher interest rate environment will likely prompt the disposal of certain portfolios.



EUROPE

CEE — Announced life and health M&A transactions in 2023

1
Number of announced M&A transactions in 2022

2
Number of announced M&A transactions in 2023

Stable activity
Outlook

Announcement date	Target or issuer	Buyer	Seller	Transaction value ($m)	Country
01 September 2023	CIG Pannónia Életbiztosító Nyrt	Hungarikum Biztositasi Alkusz Korlatolt Felelossegu Tarsasag	NA	Undisclosed	Hungary
09 March 2023	CIG Pannónia Életbiztosító Nyrt	Hungarikum Biztositasi Alkusz Korlatolt Felelossegu Tarsasag	NA	Undisclosed	Hungary

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Central and Eastern Europe (CEE)

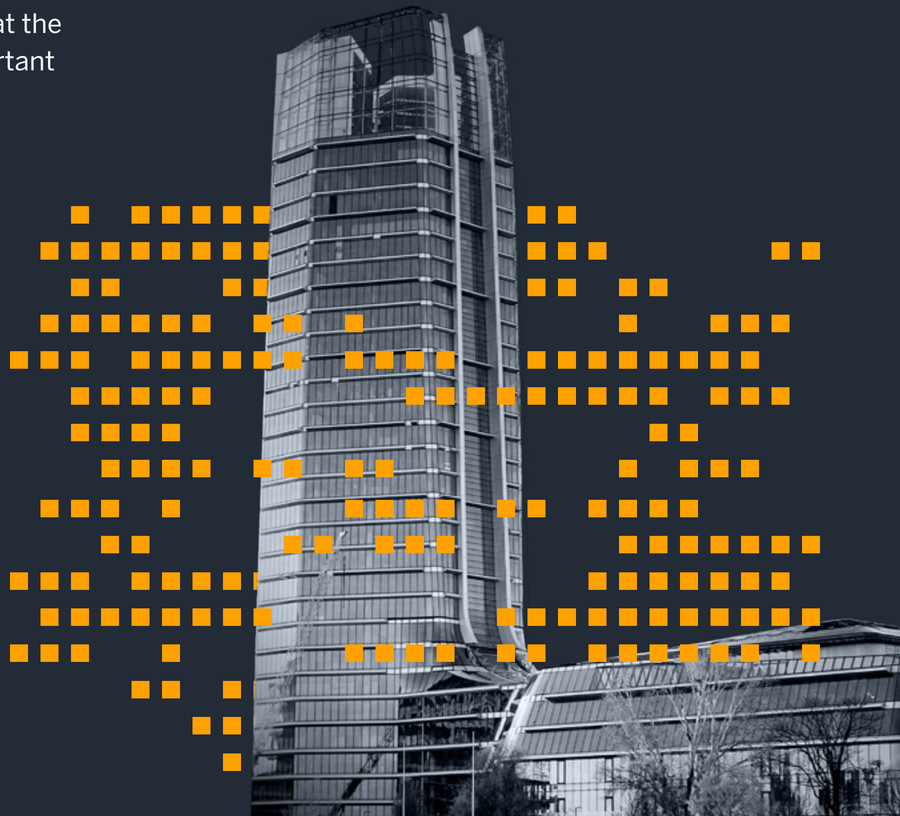
2023 overview

The Central and Eastern Europe (CEE) life and health M&A market saw a slight increase in activity in 2023 when compared to 2022. There were two announced transactions, both of which were based in Hungary:

- The two announced deals were two separate acquisitions of minority stakes in the insurer CIG Pannónia Életbiztosító Nyrt by the brokerage company Hungarikum Biztositasi Alkusz Korlatolt Felelossegu Tarsasag (HBAKFT). The minority stake acquisitions were by way of share purchase; CIG Pannónia Életbiztosító Nyrt is the only domestic insurer listed on the Budapest Stock Exchange. HBAKFT is the majority shareholder of CIG Pannónia Életbiztosító Nyrt.

We also note that in 2023, the multiline insurance group Vienna Insurance Group AG (VIG) completed its acquisition of Aegon's business in Poland and Romania for €125 million. This transaction follows the 2020 agreement between VIG and Aegon for the sale of Aegon's insurance, pension, and asset management business in Hungary, Poland, Romania, and Turkey. The acquisition of the Hungarian and Turkish business completed in 2022. The sale of the Polish and Romanian business completed Aegon's divestment of its CEE business, which will allow Aegon to concentrate on its key countries and business lines. VIG noted that the acquisition of the CEE business is an important step to sustainably strengthen its leading position in CEE.

VIG also announced in 2023 its plans to consolidate its operations in the Polish market. The new structure will mean that VIG will have three operating insurance companies, rather than six. The aim of this new setup is to further capitalize on the potential of the Polish market and to strengthen its competitive position in the market.



Central and Eastern Europe (CEE)

Outlook

M&A activity in CEE was elevated between 2019 and 2021, with several major consolidation transactions, such as the sale of MetLife's business in Greece and Poland to NN Group, the sale of Aviva's Polish business to Allianz, and Aegon's sale of various subsidiaries to VIG. This activity noticeably slowed down in 2022, and this has continued in 2023. This lower level of activity is expected to continue into 2024, since most multinational insurance groups that remain a major presence are strongly committed to CEE. Consequently, we expect that activity in 2024 will likely be limited to relatively small consolidation transactions. We note that MetLife still has operations in CEE via branches under its Irish entity, including branches in Bulgaria, Slovakia, Czech Republic, Hungary, and Romania. The sale of parts of this business could possibly follow the sale of MetLife's Polish and Greek business to NN Group; however, this remains uncertain.

The recent increases in interest rates are unlikely to have a material direct effect on M&A activity in CEE, although it may lead to solvency pressure for some of the smaller companies. The rise in interest rates may have contributed to VIG's proposed consolidation plans (discussed above), as well as the likely capital and cost synergies.

It should be noted that most markets in CEE are relatively small in comparison to the markets in Western Europe, when measured by life/property and casualty (P&C) premiums/reserves and the local gross domestic product, which somewhat limits demand for CEE life and health business. Large growth in the CEE markets would increase the appetites of potential investors, but this remains uncertain and unlikely in the short-medium term. The future expansion of the life markets in CEE heavily depends on the future role that life insurance plays in the overall savings markets.

Private equity is unlikely to play any significant role in the life and health insurance market in CEE going forward, due to the lack of scale of life business in the region, the heavier focus on regular premium business, and the lack of businesses with significant assets. The events surrounding Eurovita in the Italian market are also rumored to have been closely watched by local regulators, and therefore are likely to have negatively impacted their attitude toward future potential PE investment. We expect that key buyers of life and health insurance business in CEE will continue to be large multinational insurance groups such as VIG, Allianz, Uniqa, Generali, NN Group, and PZU.

EUROPE

Belgium and Luxembourg — Announced life and health M&A transactions in 2023

Belgium

1
Number of announced M&A transactions in 2022

1
Number of announced M&A transactions in 2023

Stable activity
Outlook

Luxembourg

1
Number of announced M&A transactions in 2022

2
Number of announced M&A transactions in 2023

Stable activity
Outlook

Announcement date	Target or issuer	Buyer	Seller	Transaction value ($m)	Country
02 August 2023	Portfolio of retail life policies and annuities	Monument Assurance Belgium N.V.	La S.C.R.L. FEDERALE Assurance	Undisclosed	Belgium
16 May 2023	Book of business	Monument Assurance Luxembourg S.A.	Integrale Luxembourg S.A.	Undisclosed	Luxembourg
13 March 2023	Globality S.A.	Foyer S.A.	ERGO Reiseversicherung AG	Undisclosed	Luxembourg

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Belgium and Luxembourg

2023 overview

Life and health M&A activity in Belgium and Luxembourg remained relatively stable in 2023, with three announced transactions. There were two announced transactions in Luxembourg and one announced transaction in Belgium:

- In Belgium, Monument Re Ltd acquired, via its unit Monument Assurance Belgium N.V., a portfolio of a run-off block of retail life policies, annuities, and associated assets from La S.C.R.L. FEDERALE Assurance. Monument Assurance Belgium noted that the transaction represents a positive continuation of its consolidation strategy in Belgium.
- In Luxembourg, Monument Re Ltd acquired, via its unit Monument Assurance Luxembourg S.A. (MAL), a closed book portfolio of long-term life insurance business from Integrale Luxembourg S.A. The portfolio includes business in the Luxembourgish, Dutch, and French markets, and MAL noted upon completion (February 2024) that the portfolio is strategically aligned to its existing business model. MAL's strategy is to acquire legacy guaranteed and unit-linked portfolios in Luxembourg, Italy, and Spain. This transaction significantly enhanced the position of MAL in the Luxembourg life market. In 2021, Monument Re's Belgium subsidiary acquired the insurance portfolio of Integrale in Belgium.
- Also in Luxembourg, multiline insurer Foyer S.A. acquired the international health insurance provider Globality S.A. from ERGO Reiseversicherung AG, after receiving regulatory approval from the relevant regulatory authorities (Commissariat aux Assurances). Foyer S.A. considers the acquisition to be an important milestone to facilitate an accelerated expansion of its global health business. In addition, Foyer and ERGO agreed on the extension of their long-standing distribution and service partnership.

Outlook

Life and health M&A activity has remained relatively high in Belgium and Luxembourg for several years, due to various portfolio transfers of traditional life contracts. This activity has partially been the result of insurers becoming increasingly unwilling to spend money on renewing administration platforms for older blocks of business, and instead looking for ways to remove them from their balance sheets.

Overall, we expect life and health M&A activity in Belgium and Luxembourg to remain relatively stable in 2024 in terms of transactions and deal values. Though not an M&A deal, we note that 2024 started with a large reinsurance transaction, which saw Baloise Belgium reinsuring a €900 million block of traditional life business under RGA.

Belgium and Luxembourg

We note that changes in the regulatory and supervisory regime in Bermuda[8] are also likely to have an impact on the Belgium life and health M&A market going forward, as they will affect Bermudian insurance and reinsurance groups, which have played an active role in business transfers within Belgium and Luxembourg. For example, there are expected to be stricter rules for the use of scenario-based approach discount rates, which are the equivalent of the Solvency II discount rates with matching adjustment.

The general increase observed in market interest rates over 2023 has added an extra layer of complexity when acquiring closed books of life business, as many guarantees are now out of the money. Consequently, future policyholder lapse behavior is uncertain, as the guaranteed rates are now low when compared to the prevailing market rates. We expect this to make future transaction price discussions more difficult and any acquired portfolios more difficult to manage.

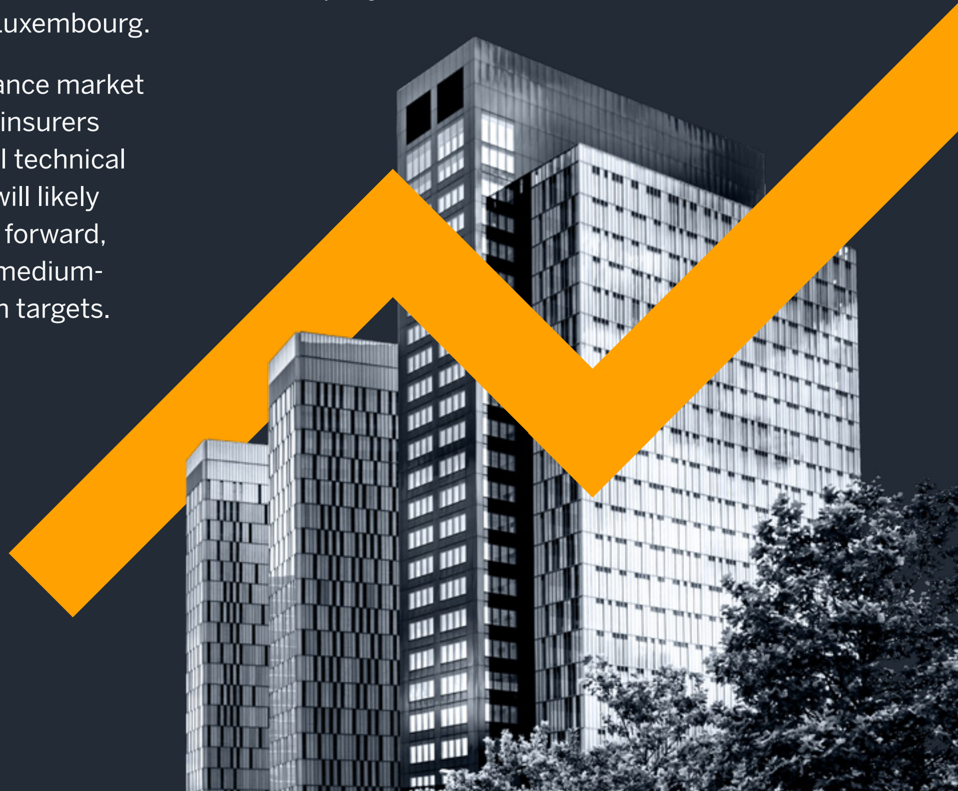
For Luxembourg, the life market is largely driven by unit-linked products, where underlying profits are heavily linked to the fees on the assets under management. The assets are often predominantly invested in fixed income assets, which have experienced losses due to the increases in interest rates, causing profits to be affected. This could dampen the appetite for future life business in Luxembourg going forward.

It should also be noted that the Luxembourg insurance regulator, Commissariat aux Assurances, has recently introduced more controls and more details, via questionnaires, on insurance companies' reporting under Lux GAAP and Solvency II. We expect that this increased regulatory scrutiny will somewhat affect the life and health insurance M&A market in Luxembourg.

The Luxembourg life and health insurance market is highly consolidated, with the top 15 insurers accounting for over 95% of Solvency II technical provisions. The level of consolidation will likely limit the volume of transactions going forward, although there are some smaller and medium-sized firms that could be consolidation targets.

With respect to private equity firms, there has been an increase in appetite for business in Belgium and Luxembourg, and we expect this trend to continue.

As noted earlier in this paper, it was reported in January 2024 that the Bermudan-based reinsurer, Monument Re, has launched a sale process. Monument Re has a significant volume of business in Belgium and Luxembourg. This sale process is expected to seek replacements for some of its existing investors and could see a private equity group gaining majority control of the company.



[8] The Bermuda Monetary Authority plans to enhance the regulatory and supervisory regime for commercial insurers and insurance groups.

EUROPE

Germany — Announced life and health M&A transactions in 2023

2
Number of announced M&A transactions in 2022

1
Number of announced M&A transactions in 2023

Increasing activity
Outlook

Announcement date	Target or issuer	Buyer	Seller	Transaction value ($m)
13 April 2023	Generali Deutschland Pensionskasse AG	Frankfurter Lebensversicherung AG	Generali Deutschland AG	Undisclosed

Germany

2023 overview

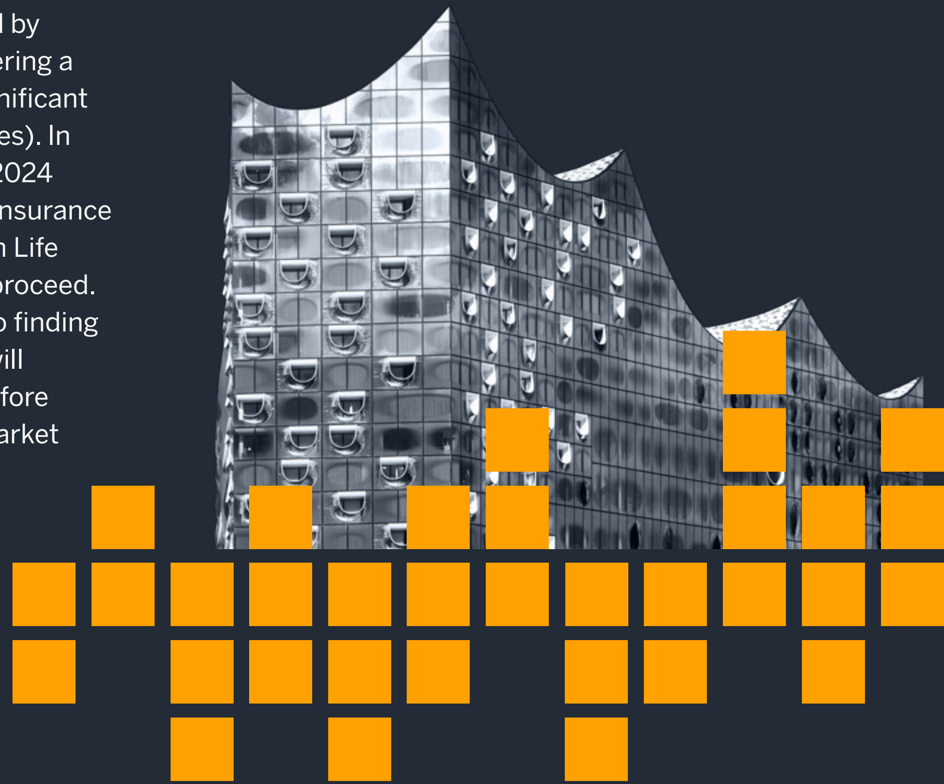
The 2023 Germany life and health insurance M&A market was relatively quiet, with one announced transaction:

- Frankfurter Lebensversicherung AG, an insurance group owned by the private equity firm Fosun International, acquired Generali Deutschland Pensionskasse AG (GDPK) from Generali Deutschland AG. At the time of the announcement, GDPK had approximately €2.8 billion in capital reserves and c. 150,000 policies. GDPK was founded in 2002 as a specialized pension company; its portfolio was mainly written between 2003 and 2005, and it stopped writing new business at the end of 2016. Following approval from the German regulator (BaFin), the deal completed in December 2023.

Outlook

In contrast to several other European markets, the German life and health market remains relatively unconsolidated and therefore presents an attractive opportunity for consolidators, particularly given the size of the market.

Looking to 2024, we expect to see an increase in life M&A activity. In October 2023, it was announced that Viridium Group (owned by private equity firm Cinven) was considering a sale of its business. This would be a significant transaction (c. €70–80 billion in reserves). In addition, it was announced in January 2024 that Viridium's agreement with Zurich Insurance Group to purchase its $20 billion Zurich Life Legacy back book in Germany will not proceed. Zurich has noted that it is committed to finding a solution for this portfolio and that it will explore options in due course; we therefore expect the portfolio to come back to market in the short-medium term.



Germany

For health business, it is not expected that any significant transactions will occur in the near future.

High inflation and high interest rates could have an impact on the life M&A market in Germany, as the economic conditions are currently significantly influencing lapse rates, liquidity, and long-term returns for life insurers. We note that life insurance companies are currently facing liquidity issues due to higher lapse rates. In addition, German insurers that have closed their duration gap between assets and liabilities in recent years face significant issues as they could not (or only partially could) participate in the higher market rates. This may result in affected firms selling certain portfolios.

With respect to interest from private equity companies to buy German life insurance companies, high interest rates have reduced overall private equity demand to a degree, though this is not necessarily unique to German life business. We still expect there to be significant private equity appetite for German life business. Should Viridium come to market, or Zurich's legacy portfolio come back to market, we would expect several PE firms to show interest. In addition, certain PE players have raised additional funds that are earmarked for investments in financial services firms, including insurance companies.

At the time of the announcement of the cancellation of the transaction between Zurich and Viridium, a statement from Viridium noted that the deal would not conclude "due to considerations relating to Viridium's current ownership structure." It is reported that the German regulator, BaFin, did not approve the deal given the PE ownership structure; if this is the case, this could potentially deter PE firms from participating in future German life sale processes; however, we note that BaFin approved Fosun's acquisition (via Frankfurter Lebensversicherung AG) of GDPK.

EUROPE

Netherlands — Announced life and health M&A transactions in 2023

3
Number of announced M&A transactions in 2022

1
Number of announced M&A transactions in 2023

Stable activity
Outlook

Announcement date	Target or issuer	Buyer	Seller	Transaction value ($m)
02 February 2023	Pension Portfolio of Onderlinge 's-Gravenhage	Athora Netherlands N.V.	Onderlinge 's-Gravenhage	Undisclosed

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Netherlands

2023 overview

2023 was a quiet year for the life and health M&A market in the Netherlands, when compared to the relatively busy year experienced in 2022. One transaction was announced in 2023:

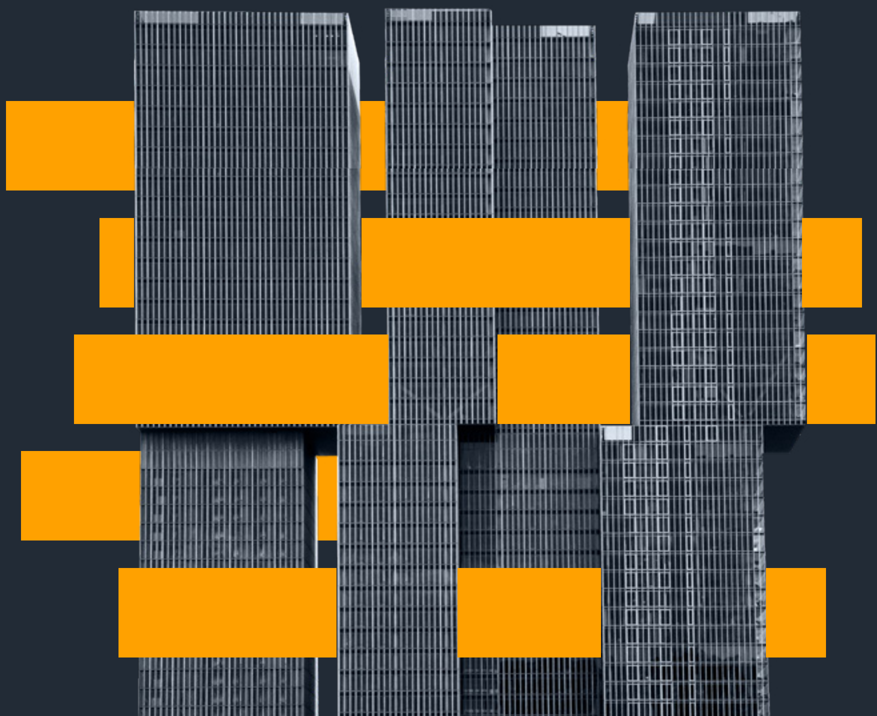
- In February 2023, Athora Netherlands (under the Zwitserleven brand) reached an agreement to acquire the second pillar pension portfolio of Onderlinge ’s-Gravenhage. The portfolio comprises c. 11,300 policies, representing assets of c. €307 million. The portfolio consists of various guaranteed pension products, including the closed insured pension scheme for employees of Onderlinge ’s-Gravenhage and Levensverzekeringsmaatschappij De Hoop. The acquisition of this portfolio is in line with Zwitserleven’s strategy for growth as a pension insurer in the Netherlands. The transaction was completed in August 2023, following approval from the regulator, De Nederlandsche Bank (DNB).

Outlook

The life insurance sector in the Netherlands is well consolidated, with the four largest insurance groups accounting for more than 90% of the total market share in terms of assets.

We note that Achmea is currently exploring both internal and external options for the continuation of their life and pension business, which could result in a sale process. This portfolio includes c. 800,000 policies, representing roughly €3 billion in Own Funds.

It is likely that smaller entities will remain of interest to potential buyers, although many smaller insurers are already consolidated in the large Dutch insurance groups. The current interest rate environment will, for certain companies, reduce the pressure to sell insurance portfolios, due to the capital relief on investment guarantee business, the reductions in liabilities, and the general increases in solvency ratios across the market. However, on the contrary, certain insurers may be incentivized to sell portfolios if they believe that interest rates will decrease in the short-term.



Netherlands

Private equity and private equity-backed firms have shown a keen interest in the Dutch life market in recent years. We expect this appetite to remain in 2024, should any suitable insurance business be up for sale, though we note that any new private equity entrants will likely not be involved in any smaller-sized deals.

In terms of the health insurance sector, there is little to no activity expected given previous consolidation activity.

Although we do not specifically cover buyout-related transactions in this paper,[9] it should be noted that a new pension law (the Pensions Act) came into effect in the Netherlands in July 2023. One of the key changes from this new law is the obligation to provide occupational pension schemes on a defined contribution (DC) basis only, instead of a defined benefit (DB) basis, and as a result, built-up DB benefits will be transformed into DC capital. Dutch pension funds have several options before the transition (which must be implemented by 2028), including full or partial buyouts, and therefore buyout activity is expected to increase. However, it should be noted that the future of the new pension law is currently uncertain due to the political climate in the Netherlands, following elections in November 2023.

[9] Milliman consultants produced a research paper looking at the outlook of the global pension risk transfer market (November 2023). https://uk.milliman.com/en-GB/insight/global-pension-risk-transfer-market-outlook.

Ireland

0
Number of announced M&A transactions in 2022

0
Number of announced M&A transactions in 2023

Stable activity
Outlook

2023 overview

As was the case for 2022, there were no life and health M&A transactions announced in the Irish market during 2023. This was somewhat expected given the level of consolidation in the Irish market and the overall lack of potential targets.

Outlook

The life and health insurance market in Ireland is considerably consolidated, and as a result, there is relatively little scope for further consolidation. Smaller-sized transactions are always possible, and we note that there is high appetite from consolidators for the legacy blocks of domestic insurers. Larger transactions are likely to be scarce. However, as noted earlier in this paper, it was reported in January 2024 that the Bermuda-based reinsurer, Monument Re, which has a significant volume of Irish business, has launched a sale process. This sale process is expected to seek replacements for some of its existing investors, and could see a private equity group gaining majority control of the company.

With regards to PE-linked firms, it is expected that the existing consolidators in Ireland will continue to be active, should suitably sized portfolios become available. We expect that the increases in interest rates over recent years will have a relatively limited impact on PE appetite for Irish life and health business.

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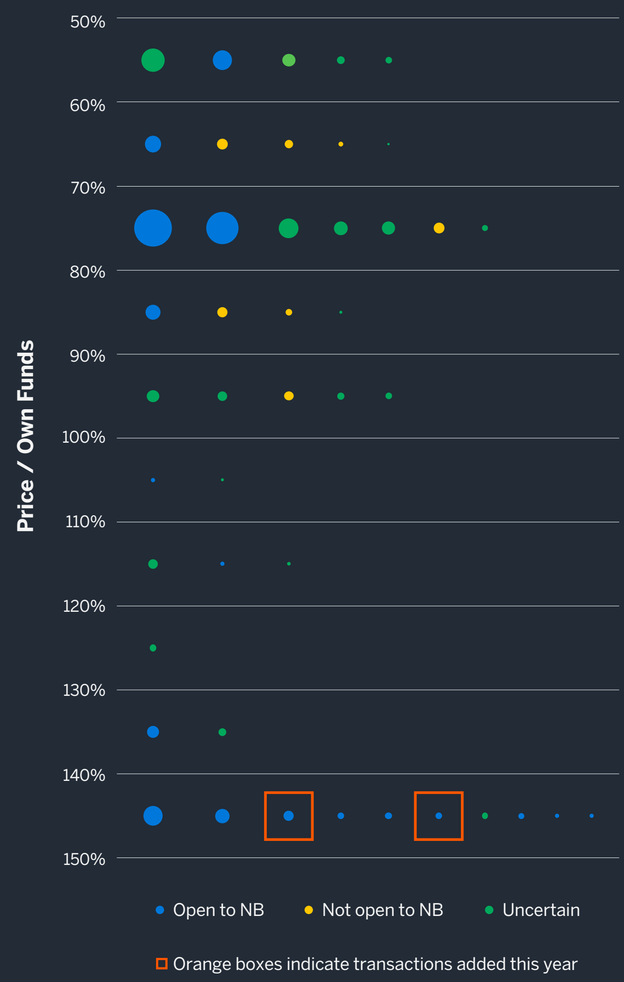
Transaction value metrics

The analysis that was performed in last year's paper on price to Solvency II own funds (P/OF) ratios has been extended for those European transactions announced in 2023. There have only been two such transactions in 2023 where sufficient information was disclosed to calculate the P/OF ratio. The reasons for this low number are two-fold: the 38% drop in the total number of transactions, and an increase in the number of deals with undisclosed transaction values (62% in 2023 compared to 54% in 2022).

As there have only been a small number of deals in 2023 where a P/OF can be determined, the analysis since last year has not changed significantly. Figure 9 shows the P/OF ratios of all 42 transactions included in last year's analysis, plus the two transactions added this year (highlighted in the orange boxes).

Figure 9: Count of transactions by price / Own Funds



EUROPE

Transaction value metrics

The two transactions that have been added this year can be summarized as:

- One large international group insurer taking over a smaller local competitor to broaden their distribution
- A bancassurance deal

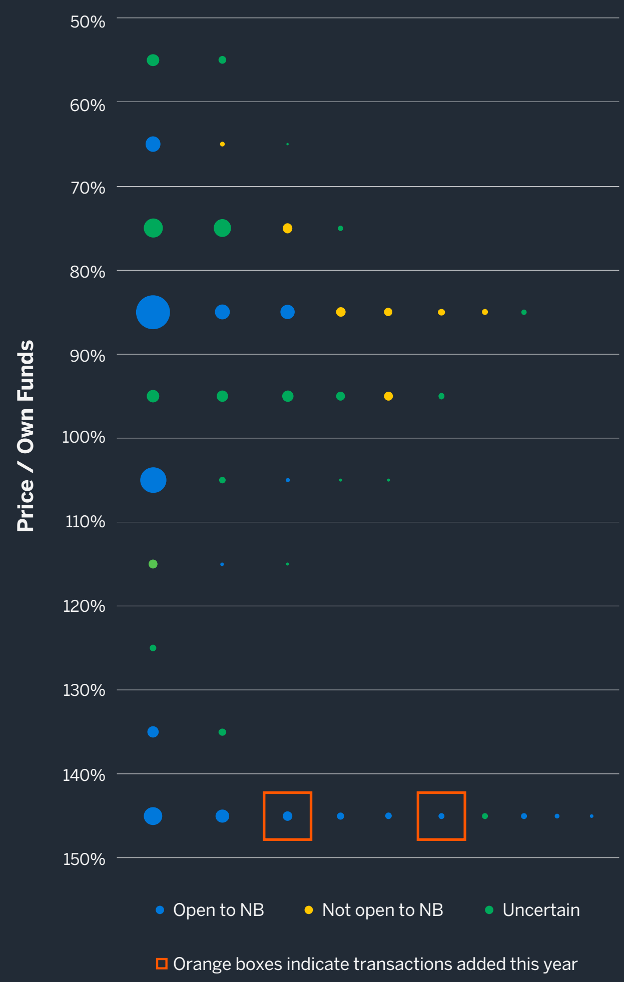
The chart shows that both of these transactions have a ratio over 140%. Based on public information, the targets are likely to have been purchased on the basis that they will remain open to new business, which is perhaps a contributing factor to the high ratios. Also, a theme from last year's research was that transactions involving bancassurance have tended to have higher P/OF ratios, and the bancassurance deal in 2023 appears consistent with this.

Applying the analysis to the 'Price to Adjusted Own Funds'[10] (P/AOF) ratio results in similar conclusions, as shown in Figure 10 to the right.

For both transactions added this year, the P/OF ratio and P/AOF ratio were identical due to 100% of the target companies' Own Funds comprising either Unrestricted Tier 1 capital (UT1) or deferred tax assets (DTAs).

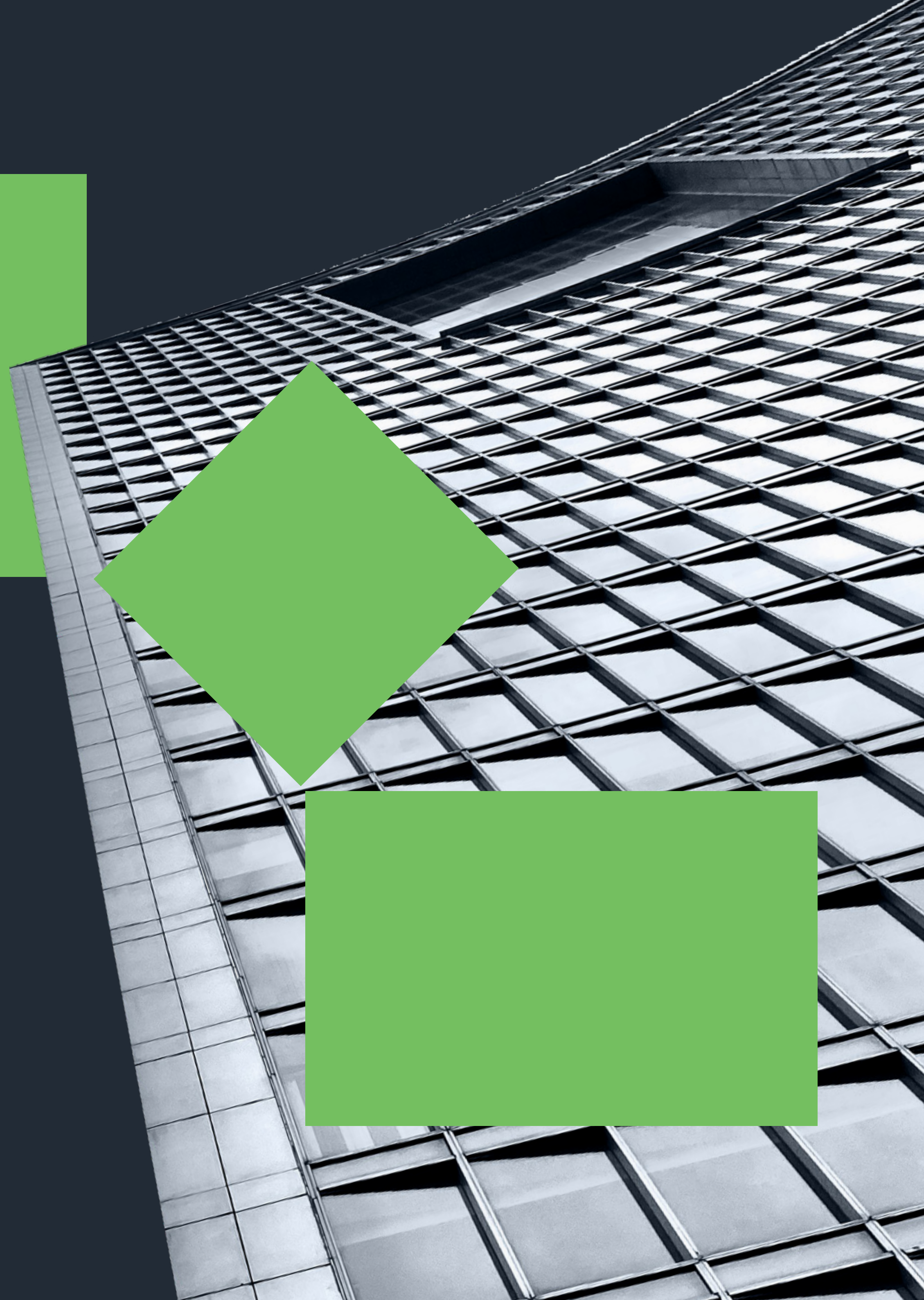
Overall, due to the limited number of transactions to which this analysis is applicable this year, the conclusions from last year's paper remain the same: By removing the transactions possessing characteristics that have tended to result in high ratios in the past (bancassurance transactions and transactions in growing markets in Central and Eastern Europe), the most common range for P/AOF ratios is around 80% to 90%.

Figure 10: Count of transactions by price / Own Funds



[10] Adjusted Own Funds are defined as the sum of Unrestricted Tier 1 capital and the net deferred tax asset, i.e. it removes subordinated debt, preference shares and share premium.

ASIA



2023 overview and outlook

2023 overview

The number of announced Asia-based life and health transactions decreased by 30% year-on-year, to 23. However, total publicly announced deal values in Asia increased by 152%, to $5.0 billion, in 2023.

The Asia-based transactions contributed approximately 29% of all global life and health M&A transactions that were announced in 2023.

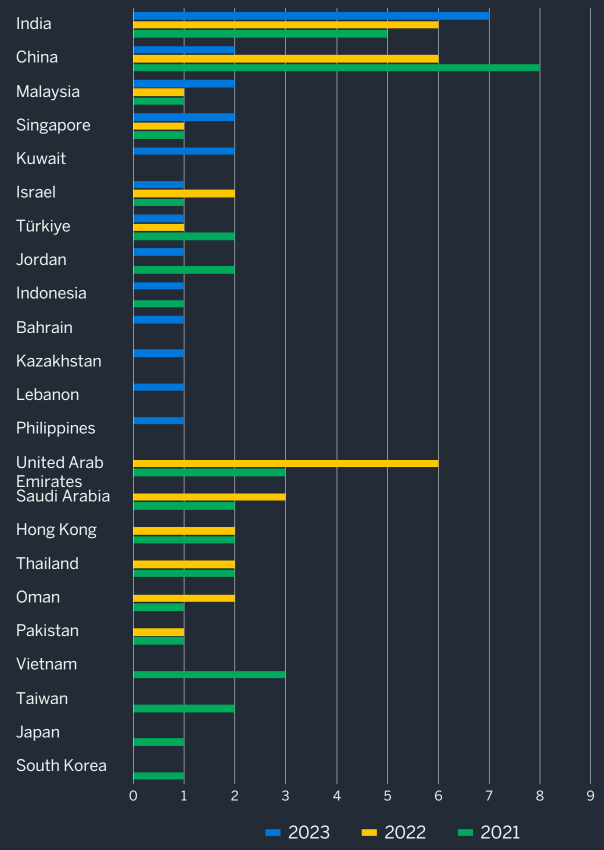
India (seven) was the most active market in terms of the number of announced transactions in 2023, retaining its top spot from 2022 (joint top with China in 2022, with six announced transactions). The regulators in India and China have increased foreign investment allowances in recent years, which has aided M&A activity, particularly in India.

Similar to previous years, life and health M&A in Asia in 2023 continued to predominantly involve the acquisition of minority and majority stakes in insurers, with nine in 10 announced transactions in 2023 being structured in this way. Acquisitions of individual insurance portfolios are far less common than they are in Europe, North America, and Latin America.

The year 2023 saw some multinationals sell their stakes in their Asian insurance companies, for strategic and capital optimization purposes.

The continued high inflation and rising interest rates seen in Europe and North America are not features in some Asian markets. For example, interest rates in China have been decreasing, and interest rate increases in Japan have been modest. The impacts from inflation and interest rate movements on the Asian life and health M&A market have generally been limited.

Figure 11: Number of announced life and health M&A transactions, Asia



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2023 overview and outlook

Outlook

M&A activity in the Asian life and health market is expected to remain at similar levels to that seen in previous years.

As noted above, Asian markets are experiencing a mixture of economic changes, and future economic volatility could drive M&A activity going forward.

The recent and upcoming implementations of risk-based capital regimes in many Asian markets have, and are likely to, lead to higher balance sheet volatility and higher capital requirements for many local insurers. This may drive the need to dispose of life insurance investments going forward. However, we note that the risk-based capital regimes implemented to date have had a limited impact on the life and health insurance M&A activity in Asia.

IFRS 17 came into force in 2023 for several Asian markets. Its implementation hasn't been a key driver of M&A to date; however, it could be as insurers gain a better understanding of the IFRS 17 impacts on their financials.

Moving forward, we may continue to see multinational insurers reassess their existing stakes in the Asia market as part of their global strategy or capital management initiatives. This, combined with the consolidation trends observed in some Asia markets, is likely to drive activity in 2024 and beyond.

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Top publicly announced deal sizes in 2023 – Asia

Announcement date	Target or issuer	Buyer	Seller	Transaction value ($m)	Country
22 December 2023	Singapore Life Holdings Pte. Ltd.	Sumitomo Life Insurance Company	TPG Inc.	1,205.8	Singapore
03 July 2023	Reliance Capital Limited	Hinduja Group Ltd.	NA	1,177.2	India
19 April 2023	Gulf Insurance Group K.S.C.P.	Fairfax Financial Holdings Limited	Investor group	851.4	Kuwait
13 September 2023	Singapore Life Holdings Pte. Ltd.	Sumitomo Life Insurance Company	Aviva plc	660.8	Singapore
29 September 2023	Niva Bupa Health Insurance Company Limited	The British United Provident Association Limited	True North Managers LLP	324.1	India
31 May 2023	HDFC Life	HDFC Bank	abrdn	245.7	India
02 October 2023	AmMetLife Insurance Bhd/ AmMetLife Takaful Bhd	Great Eastern Holdings Limited	AMAB Holdings Sdn Bhd and MetLife International Holdings, LLC	238.8	Malaysia
10 January 2023	Max Life Insurance Company Limited	Axis Bank Limited	Max Financial Services Limited	196.2	India
16 August 2023	The Phoenix Holdings Ltd.	Undisclosed Buyer	NA	48.1	Israel
21 January 2023	Haibao Life Insurance Co., Ltd.	Herui Yike (Beijing) Medical Devices Co., Ltd.	YLZ Information Technology Co.,Ltd	35.7	China

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Private equity and private asset managers in Asia

2023 overview

Similar to 2022, private equity involvement in the Asian life and health M&A market was very limited in 2023. There were no announced transactions involving PE firms, though there were some market developments. In South Korea, the sale of ABL Life fell through after the PE firms pursuing the acquisition pulled out of the sale process. Also in South Korea, PE firm JC Partners, the largest shareholder of Lotte Insurance, announced that it started sales procedures for the insurance company.

Private equity investment in markets such as China, Hong Kong, Japan, Malaysia, and Indonesia is either low or nonexistent for one reason or another, although PE firms are showing increasing levels of interest in some of these markets. Other markets such as South Korea, India, and Singapore have more mature levels of private equity investment.

Outlook

Despite the economic and political uncertainty, PE firms are showing increasing levels of interest in Asian life and health insurance business, although this varies significantly between local markets. For example, there has been limited recent interest in India, partially due to the consolidation trend among the larger insurers, whereas in Japan, there has been a heightened interest due to the prevalence of yield enhancement opportunities in the market and the relatively weak yen. Private equity is also expected to play a significant role in South Korea, given the potential opportunities. In recent years, there have been increases in the foreign investment limits markets in certain Asian markets (India and China, in particular); this could drive future private equity investment in Asia.

In the short-term, it is likely PE investment in the Asia life and health space will continue to be limited.

Key private equity and asset management firms with life and health insurance investments in Asia

Country	Company
Hong Kong	Apollo Global Management, Inc.*
	Temasek Holdings*
India	GIC Private Limited**
	Temasek Holdings*
	Warburg Pincus LLC
South Korea	JKL Partners Inc

Source: S&P Global Market Intelligence and public data.
* Temasek is a Singaporean state-owned investment company
** GIC is a Singaporean sovereign wealth fund that is responsible for managing the Singaporean government's reserves.

ASIA

China — Announced life and health M&A transactions in 2023

6
Number of announced M&A transactions in 2022

2
Number of announced M&A transactions in 2023

Decreasing activity
Outlook

Announcement date	Target or issuer	Buyer	Seller	Transaction value ($m)
25 April 2023	Funde Sino Life Insurance Co., Ltd.	Harbin Bank	Shenzhen Intercontinental Trading Investment Co., Ltd.	Undisclosed
21 January 2023	Haibao Life Insurance Co., Ltd.	Herui Yike (Beijing) Medical Devices Co., Ltd.	YLZ Information Technology Co.,Ltd	35.7

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China

2023 overview

The life and health insurance M&A market in China remained active in 2023, with two announced transactions, although this is significantly fewer than the six transactions announced in 2022. Both of 2023's transactions were stake acquisitions rather than portfolio transfers, which is consistent with the style of transactions in recent years:

- Harbin Bank acquired a 4.99% stake in life and health insurer Funde Sino Life Insurance Co., Ltd., (Funde) from Shenzhen Intercontinental Trading Investment Co., Ltd., for an undisclosed fee. As the acquired stake is small, it is not expected to have any impact on Funde's operations and management.
- Herui Yike (Beijing) Medical Devices Co., Ltd., acquired a 13.5% stake in life insurer Haibao Life Insurance Co., Ltd., from YLZ Information Technology at a price of CNY 260 million (c. $35.73 million). After the transaction, Herui Medical is now the third largest shareholder of Haibao Life.

There were also increases in the registered capital for several life and health insurers in China. A number of these increases were driven by the need for additional capital, in light of the solvency reductions experienced by several Chinese insurers following the implementation of phase two of the China Risk-Oriented Solvency System (C-ROSS):

- The life and health insurer Xintai Life announced its plans to increase its registered capital from CNY 5 billion (c. $705 million) to CNY 10.204 billion (c. $1.439 billion) by introducing four Zhejiang state-owned companies as new shareholders. After the capital increase, the four new nationally owned shareholders, comprising Wuchan Zhongda Group, Hangzhou Chengtou Capital Group Co., LTD, Xiaoshan Environment Group, and Xiaoshan Qianjiang Century City Equity Investment, will own a combined stake of 51% in Xintai Life, with Wuchan Zhongda Group becoming the largest shareholder, with a 33% stake.
- To resolve the life and health insurer PKU Founder Life's insolvency issues, its existing shareholders consisting of New Founder Group, Meiji Yasuda, and Haier Financial Holdings planned to increase the company's registered capital by CNY 1.7 billion (c. $240 million). The shareholding structure of the company is expected to remain the same after the capital increase.
- Taikang Insurance Group raised the registered capital of its pension provider Taikang Pension & Insurance Co., Ltd., twice in 2023, by a total amount of approximately CNY 2 billion (c. $282 million), following approval from the local regulator. After the capital increases, Taikang Insurance Group became the single largest shareholder of Taikang Pension & Insurance Co., with a stake of 99.14%.

China

- The investment-linked insurance provider, Heng An Standard Life (HASL), the majority shareholder of Heng An Standard Life Pension (HASL Pension), announced that it plans to double the registered capital of HASL Pension from CNY 200 million (c. $28.2 million) to CNY 400 million (c. $56.4 million). In 2020, HASL Pension became the first foreign joint venture pension insurance company in China. HASL Pension is a foreign joint venture business between abrdn plc in the UK and TEDA International Holding (Group) Company Limited in Mainland China.
- Junlong Life Insurance Company Limited, a joint venture of Xiamen C&D Group Co., Ltd., and Taiwan Life Insurance Co., Ltd., increased its registered capital from CNY 150 million (c. $21.1 million) to 210 million (c. $29.6 million) through a capital injection from both its shareholders. The equity structure of Junlong Life remains the same after the capital increase, with both shareholders holding an equal 50% stake.
- The life and health insurer Greatwall Life Insurance Co., Ltd., announced that it plans to increase its capital by CNY 1.093 billion (c. $154.1 million), of which CNY 688 million (c. $97.0 million) will be added to the registered capital and the remaining CNY 405 million (c. $57.1 million) will be added to the capital reserve. The capital increase will be funded by the existing shareholder, Beijing Huarong Comprehensive Investment Co., Ltd., and two new shareholders, Beijing Deyuan Shichahai Housing Management Co., Ltd., and China State-owned Enterprise Structure Adjustment Fund Phase II Co., Ltd.
- The registered capital of Guobao Life Insurance Co. Ltd. increased from CNY 1.5 billion (c. $211.5 million) to CNY 1.98 billion (c. $279.2 million). Its largest shareholder, Sichuan Development Holding Co., Ltd., subscribed for an additional registered capital of CNY 300 million (c. $42.3 million), and Sichuan Financial Holding Group Co., Ltd., subscribed for an additional registered capital of CNY 180 million (c. $25.4 million).
- Aixin Life Insurance Co., Ltd., increased its registered capital by CNY 320 million (c. $45.1 million) and CNY 57.64 million (c. $8.13 million) in January 2023 and December 2023, respectively, through additional capital from its largest shareholder, Beijing New Journey Health Group Co., Ltd.
- As the sole shareholder of the company, HSBC Insurance (Asia) Co., Ltd., increased the registered capital of HSBC Life Insurance (China) Co., Ltd., by CNY 654 million (c. $92.2 million), taking the registered capital to CNY 2.314 billion (c. $326.2 million).

China

Outlook

The Chinese life and health M&A market is expected to slow down in 2024, mainly as a result of potential buyers becoming more prudent. This is driven by the reduced profitability of insurers, which has stemmed from increased competition in the market and slowing economic growth in China. In addition, increased regulatory scrutiny is causing additional uncertainty for investors.

A number of Chinese companies are considering selling their shareholdings in Chinese life insurers, in light of the market difficulties. This, coupled with the heightened prudence of buyers, will likely make it harder for sellers to find suitable acquirers who are willing to offer acceptable selling prices.

Private equity continues to have relatively little presence in the Chinese life and health M&A market.

In response to solvency issues faced by companies under the current economic environment, China's regulator has made certain amendments to the current regulatory capital regime, C-ROSS phase 2, to lower the capital requirements for small- and medium-sized insurers. This is expected to improve the solvency ratio of insurers and may weaken the trend of capital-raising initiatives as seen in 2023.

Interest rates in China have been gradually declining over the past 10 years, with recent decreases aimed at boosting economic growth. One-year interest rates were 3.45% at the end of 2023, and further reductions are likely if the economic slowdown in China persists. The life and health M&A market in China generally has not been affected by the decline in interest rates; however, life insurers in China are investigating the potential impact of further interest rate decreases. Any decreases will likely place more onus on insurers to consider their asset allocations and increase their focus on asset-liability management (ALM). In addition, any decreases in interest rates will likely lower the interest rate pricing assumptions for traditional products, which could make life insurance more expensive and less attractive. These potential impacts of further interest rate decreases could result in the disposal of insurance business in China.

Hong Kong

2
Number of announced M&A transactions in 2022

0
Number of announced M&A transactions in 2023

Increasing activity
Outlook

2023 overview

The life and health insurance M&A market in Hong Kong experienced another relatively quiet year in 2023. There were no announced acquisitions over the year, but there was one notable new partnership announcement in 2023:

- Sun Life Hong Kong Limited (Sun Life) announced that it will enter into an exclusive 15-year bancassurance partnership with Dah Sing Bank in Hong Kong, with Sun Life being the exclusive provider of life insurance products to the bank's retail customers. The deal was valued at HKD 1.5 billion (c. $192 million) plus ongoing variable payments to Dah Sing Bank depending on the success of the partnership. The distribution of Sun Life products is expected to start in July 2023 following the completion of regulatory processes and approvals.

Outlook

The Hong Kong life and health market is poised to benefit from increased economic activity following the relaxation of COVID-19 restrictions and the reopening of the border with Mainland China in early 2023. In particular, these measures have resulted in a rebound in sales of insurance products in Hong Kong to Mainland Chinese visitors.

The new risk-based capital (RBC) regime and the new participating fund segregation regulations due to be implemented in Hong Kong in 2024 may lead life insurers to increase focus on capital optimization. This could potentially result in some companies considering reinsurance of capital-intensive blocks of business or, in some cases, exploring disposal opportunities. In addition, most insurers in Hong Kong now have a more detailed understanding of the impact of IFRS 17 reporting on their financials after the implementation of IFRS 17 from January 2023. As such, IFRS 17 metrics are likely to become a more important consideration during M&A due diligence processes going forward in Hong Kong.

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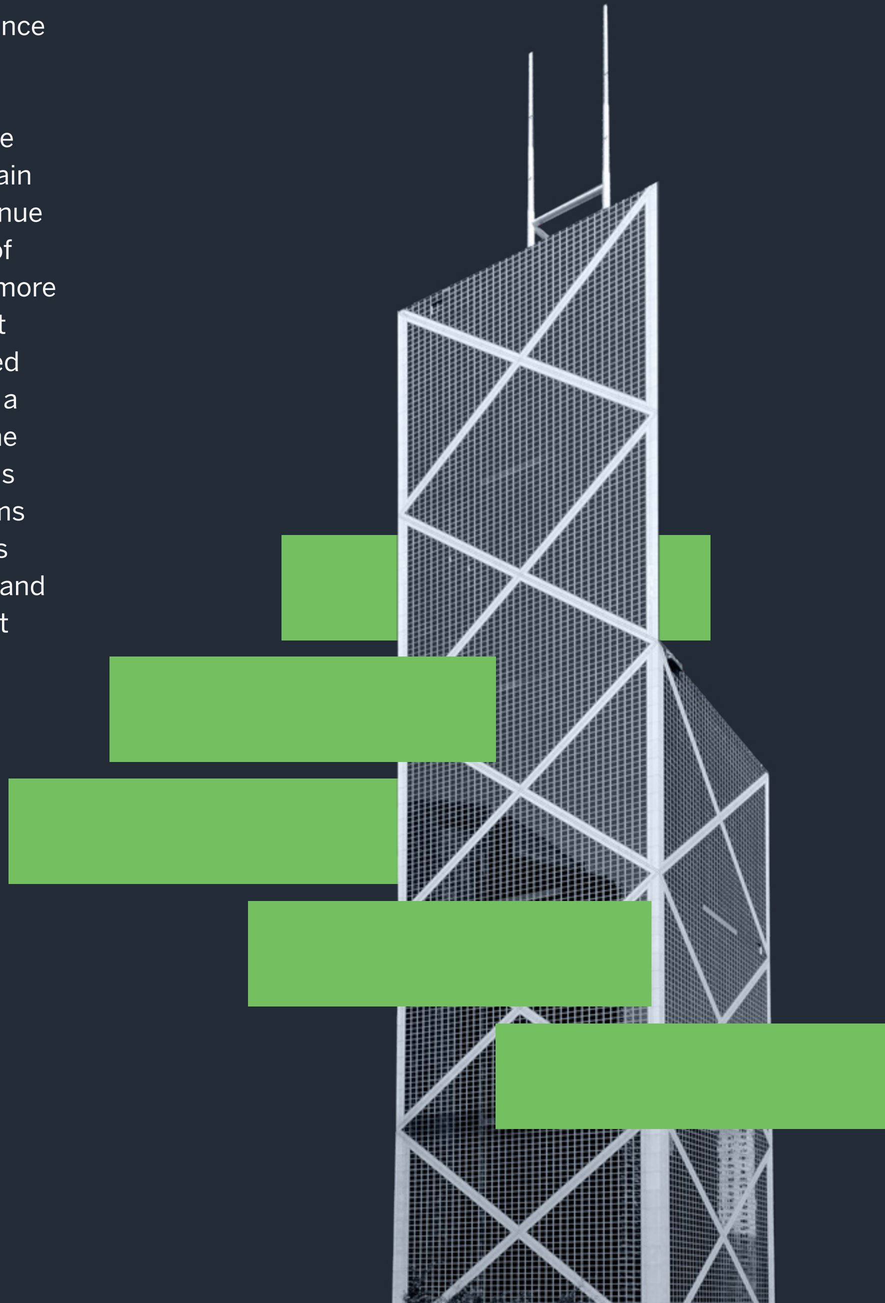
Hong Kong

As is the case for several other global markets, interest rates have been rising in Hong Kong in recent years. Higher interest rates typically result in bank deposits being more competitive against insurance savings products, which can lead to lower new business volumes and increased lapse risk for insurers (i.e., disintermediation risk). Several insurers in Hong Kong have experienced mark-to-market losses on fixed income assets that back their in-force portfolios as a result of interest rate rises. However, at the time of writing, the market is widely expecting downward pressure on interest rates in Hong Kong in 2024, although there remains considerable uncertainty on the timing of rate cuts.

The primary buyers of Hong Kong life insurance business have historically been traditional insurers. Private equity firms currently have relatively limited ownership of Hong Kong life and health insurers. This is expected to remain the case in the near future as PE firms continue to face regulatory scrutiny for acquisitions of insurance business in Hong Kong and have more recently been somewhat deterred by market volatility, geopolitical uncertainties, increased funding costs from rising interest rates, and a lack of supply of available deals. However, the Hong Kong life and health insurance sector is still likely to remain a target for some PE firms and asset-intensive reinsurers due to factors such as the size and maturity of the market and its position within the increasingly important Greater Bay Area.



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ASIA

India — Announced life and health M&A transactions in 2023

6
Number of announced M&A transactions in 2022

7
Number of announced M&A transactions in 2023

Decreasing activity
Outlook

Announcement date	Target or issuer	Buyer	Seller	Transaction value ($m)
11 October 2023	Bharti AXA Life Insurance Company Limited	Bharti Life Ventures Private Limited	AXA India Holdings	Undisclosed
29 September 2023	Niva Bupa Health Insurance Company Limited	The British United Provident Association Limited	True North Managers LLP	324.1
21 July 2023	Aegon Life Insurance Company Limited	Bandhan Financial Holdings Ltd.	Aegon India Holding and Bennett, Coleman & Company Limited	Undisclosed
03 July 2023	Reliance Capital Limited	Hinduja Group Ltd.	NA	1,177.2
02 June 2023	Life Insurance Business Of Sahara India Life Insurance Corporation	SBI Life Insurance Company Limited	Sahara India Pariwar Ltd.	Undisclosed
31 May 2023	HDFC Life	HDFC Bank	abrdn	245.7
10 January 2023	Max Life Insurance Company Limited	Axis Bank Limited	Max Financial Services Limited	196.2

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India

2023 overview

The life and health insurance M&A market in India experienced another active year with seven announced transactions in 2023, increasing slightly from the six announced in 2022. Some of the key transactions have been highlighted below:

- The French insurer AXA entered into an agreement with Bharti Group to sell its entire 49% stake in the joint venture life insurer Bharti AXA Life Insurance for an undisclosed fee. Bharti Life Ventures, the Group's holding company for Bharti AXA Life Insurance, will become the sole owner of Bharti AXA Life Insurance following the completion. The completion of this deal will mark AXA's exit from the Indian life and health insurance market.
- True North Managers LLP agreed to sell 20% of its stake in Niva Bupa Health Insurance Company Limited to its joint venture partner, Bupa, a UK-based healthcare services and insurance provider, in return for a consideration of INR 2,700 crore (c. $324 million). Pending regulatory approval, Bupa's stake in Niva Bupa will increase to approximately 63%, making Bupa the majority shareholder.
- Bandhan Financial Holdings Ltd (BFHL) reached an agreement to purchase the entire stake in Aegon Life Insurance Company Limited from Aegon India Holding and Bennett, Coleman & Company Limited (BCCL). Alongside its presence in the banking and mutual fund sectors, this acquisition will mark BFHL's entry into India's life insurance sector.
- The Insurance Regulatory and Development Authority of India (IRDAI) ordered Sahara India Life Insurance Corporation (SILIC) to transfer its life insurance business, backed by the assets of the policyholders, to SBI Life Insurance Company Limited. This comes after IRDAI appointed an administrator to manage SILIC's business in 2017, due to concerns over the insurer's financial propriety and governance.
- The Reserve Bank of India (RBI) approved Hinduja Group's acquisition of Reliance Capital for INR 9,661 crore[11] (c. $1,177 million). This forms part of Reliance Capital's resolution plan after the RBI assumed control of the company in 2021 after a series of defaults. Approximately 99% of the purchase price is in respect of the P&C insurer, Reliance General Insurance, and the life insurer, Reliance Nippon Life Insurance.

In addition to the announced transactions, we note that IndiaFirst Life Insurance, which is promoted by the Bank of Baroda, is set to launch its initial public offering (IPO) after receiving approval from the capital markets regulator, the Securities and Exchange Board of India. The IPO comprises a fresh issue of equity shares worth INR 500 crore and an offer-for-sale (OFS) up to 141 million equity shares from promoters and stakeholders.

Outlook

The Indian life and health M&A market is expected to remain active going forward going into 2024 and beyond, though perhaps not at quite the same level seen in 2023. As the increase in the foreign direct investment (FDI) limit to 74% continues to play out, there may be some activity from change in ownerships between existing promoters.

In recent years, there has been a small consolidation trend in the Indian life and health market, which may be partly attributed to recent regulatory changes that appear to favor larger players in the market. This trend could continue over the next few years as larger bancassurers continue to increase their market share and could lead to some larger transactions occurring over the next few years.

[11] INR 1 crore = 10 million Indian rupees.

India

The IRDAI has announced regulatory changes that are expected to further boost the life and health insurance market. In particular, the IRDAI has issued directives that have eliminated the need for preapproval before launching a product, has removed the requirement of private equity firms to invest through a special purpose vehicle (SPV), and replaced commission caps with the guidelines on expense of management (EOM). Additionally, under the current regulations, insurers hold either a life, non-life, or standalone health insurance license. The IRDAI has recently announced potential plans to launch a composite license, although this is still in the early stages. However, should this go ahead, M&A activity between the different insurance segments in the market that have historically been distinct may grow.

In 2023, the IRDAI approved three new life insurers: Go Digit Life Insurance, ACKO Life Insurance, and Credit Access Life Insurance. This further shows the IRDAI's commitment to increase the penetration of life insurance in the country.

In addition to regulation, technological innovation may drive more revenue and allow cost efficiency. This is another potential driver of M&A activity. Efforts to reduce the operational costs and complexities through an increased focus on digitization and automation through cloud computing may provide scalability and streamlining benefits. Efforts to find better ways to engage directly with the masses may also increase insurance penetration. We have observed this with some insurance companies launching YouTube series aimed at improving the perception of insurance products and simplifying the concept of insurance. The IRDAI is also open to innovative Insurtech products and has a regulatory sandbox scheme.

Private equity has had a relatively small role in life and health M&A in India in the past. Since 2018, there have been a number of PE transactions in the India market, though some of them were unsuccessful. Although the IRDAI relaxed regulations covering PE investments in insurers in 2022,[12] there has been limited interest from PE firms for Indian life and health business. This may be due to the recent consolidation trend observed among larger insurers in recent years, which restricts PE firms from entering the market. If this trend continues, PE involvement may continue to be limited over the next few years.

Interest rates have been relatively stable in India during 2023, following sharp rises in 2022. We do not expect interest rate movements to be a key driver of M&A in 2024.

[12] IRDAI (Registration of Indian Insurance Companies) Regulations 2022. Retrieved on March 6, 2024, from https://irdai.gov.in/document-detail?documentId=1629795.

South Korea

0

Number of announced M&A transactions in 2022

0

Number of announced M&A transactions in 2023

Increasing activity

Outlook

2023 overview

The life and health insurance M&A market in South Korea experienced a quiet year with no announced transactions in 2023. This may be due to tougher capital regulations that were implemented at the start of 2023 (Korean Insurance Capital Standard (K-ICS) and IFRS 17), as well as an unfavorable debt market that hampered the ability to raise debt capital due to rising yields and the economic slowdown in South Korea. In addition, insurance companies in South Korea faced allegations of overstating their financial results under IFRS 17.

In 2023, Hana Financial Group decided to withdraw from the acquisition of KDB Life Insurance Co. from Korea Development Bank (KDB). This was the fifth such attempt by KDB to sell KDB Life between 2014 and 2023. KDB is still deciding if it intends to put KDB Life up for sale after another failed attempt.

The sale of ABL Life, currently owned by China's Dajia Insurance Group, also fell through after private equity firms pursuing the acquisition all pulled out of the sale process. Tongyang Life, also owned by Dajia Insurance, is rumored to be up for sale after the sale of ABL Life.

In September 2023, Lotte Insurance announced that its largest shareholder, the private equity firm JKL Partners, was preparing for a sale of its shareholding.

Outlook

Despite a quiet 2023, the South Korean life and health M&A market is expected to be more active in 2024 and beyond, with a number of life insurers reported to be up for sale. In particular, financially distressed companies appear to be keener to exit the market rather than deploying additional capital to pursue future opportunities, which would leave plenty of opportunities for potential investors to enter the market or increase their current market share.

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South Korea

The implementation of the K-ICS alongside IFRS 17 in 2023, is expected to push life and health insurance companies in South Korea to find ways of improving their capital positions to avoid strains on capital buffers. While certain details under these regulatory requirements are still unclear, companies are more comfortable with the current regulatory requirements on capital and have a better understanding of how volatile their solvency ratio is to the fluctuation of market interest rates. In general, the required capital of South Korean insurers has increased (in some cases significantly) under the new capital K-ICS requirements, due to additional risks being included and more stringent risk measures. This could lead to the sale of capital-intensive portfolios, or the need for additional capital raises. In recent years, however, high interest rates in South Korea have helped the insurers stay solvent under K-ICS as the reductions in the fair value of liabilities have generally outweighed the reductions in the fair value of assets. Although the continuation of the high interest rate environment in South Korea may delay sales processes, companies are starting to analyze the impact of decreased interest rate to the value of their companies to find the best time to exit the market.

Private equity is expected to play a significant role in the insurance market in South Korea, given the potential opportunities to purchase financially distressed companies at discounted prices. However, the difficulties surrounding PE-backed MG Non-Life Insurance, and the recent failed attempt by KDB to offload their subsidiary KDB Life to PE firm JC Partners, could reduce the Financial Services Commission's (FSC's) willingness to approve PE transactions in the future.

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Japan

0

Number of announced M&A transactions in 2022

0

Number of announced M&A transactions in 2023

Stable activity

Outlook

2023 overview

The Japanese life and health insurance M&A market had another quiet year in 2023, with no announced transactions.

Despite this, there was one particularly notable announcement in 2023:

- Three years after its private takeover, it was announced that Sony Group Corporation (Sony) is assessing a partial spinoff of Sony Financial Group Inc., which offers life and non-life products, as well as banking business. Sony's spinoff plan aims to list its financial unit on the Japanese exchange and retain just under 20% of its shares through dividends in kind, in October 2025.

Outlook

Despite the lack of recent life and health M&A activity in Japan, there are Japanese insurers that are looking for future transaction opportunities, as well as some larger insurers that are looking to invest abroad, particularly in the U.S. and Asia. There are also some local insurers who are looking to dispose of overseas operations. Discussions surrounding the potential sale of Japanese life and health blocks continue to be held, as many reinsurers and PE firms look to differentiate themselves in a crowded and competitive market. As a result, there is some potential for M&A activity in the Japanese life and health market over 2024, though this will most likely be limited.

Interest rates remain very low in Japan. The Bank of Japan (BoJ) decided to hold short-term interest rates at -0.1% in its meeting in January 2024. Given the BoJ's stance, there is expected to be limited upside to the interest rates in Japan, although there is anticipation of a small interest rate increases in the short to medium term. We note that published inflation rates in Japan gradually decreased over 2023, although the published rate of 2.6% p.a. at 31 December 2023, remains above the BoJ's inflation target of 2% p.a., which could prompt the BoJ to put an end to the negative short term interest rates in Japan. Any interest rate movements will change valuations and market dynamics, which may spark interest in buying or selling companies.

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Japan

We also note that many Japanese insurers accumulated foreign-denominated assets, in particular, U.S. dollar-denominated assets, in order to back foreign currency-denominated products or to achieve excess return (in light of the low interest rate environment in Japan). The value of the U.S. dollar-denominated assets has generally decreased as a result of the increases in U.S. interest rates, although these reductions have been somewhat offset by the increase in value of USD over the Japanese yen. The recent yen depreciation and high currency hedge costs have posed a significant challenge to the foreign investments of Japanese insurers; this could potentially impact insurers' business models and may lead to reorganizations of asset portfolios/ insurance portfolios.

Japan's Financial Services Agency (FSA) plans to implement a new solvency regime from the end of fiscal year 2025, taking its lead from the international Insurance Capital Standard (ICS) being developed by the International Association of Insurance Supervisors (IAIS). This could be a potential driver for future M&A, should there been material shifts in capital requirements, or if there are significant administrative burdens. The new solvency regime could motivate some insurers to utilize reinsurance to a higher degree, for capital management purposes and profit enhancement. We note that we still expect to see ongoing activity in the block reinsurance space in Japan, irrespective of the new solvency regime.

We expect that the primary buyers of Japanese life and health business will be traditional insurers, asset managers, and private equity firms. Some PE-backed firms have shown interest in engaging in (reinsurance or investment) transactions in the Japanese life and health insurance market. The relatively weak Japanese yen, particularly against USD, could increase the appetite for dollar-denominated private equity funds.

Southeast Asia — Announced life and health M&A transactions in 2023

4
Number of announced M&A transactions in 2022

6
Number of announced M&A transactions in 2023

Stable activity
Outlook

Announcement date	Target or issuer	Buyer	Seller	Transaction value ($m)	Country
22 December 2023	Singapore Life Holdings Pte. Ltd.	Sumitomo Life Insurance Company	TPG Inc.	1,205.8	Singapore
02 October 2023	AmMetLife Insurance Bhd/AmMetLife Takaful Bhd	Great Eastern Holdings Limited	AMAB Holdings Sdn Bhd and MetLife International Holdings, LLC	238.8	Malaysia
13 September 2023	Singapore Life Holdings Pte. Ltd.	Sumitomo Life Insurance Company	Aviva plc	660.8	Singapore
27 April 2023	Sun Life Grepa Financial, Inc.	House of Investments, Inc.	GPL Holdings Corporation	15.8	Philippines
20 February 2023	Gibraltar BSN Life Berhad	FWD Group Holdings Limited	Prudential Financial, Inc.	Undisclosed	Malaysia
30 January 2023	PT Avrist Assurance	PT Bina Asetanusa	Meiji Yasuda Life Insurance Company	Undisclosed	Indonesia

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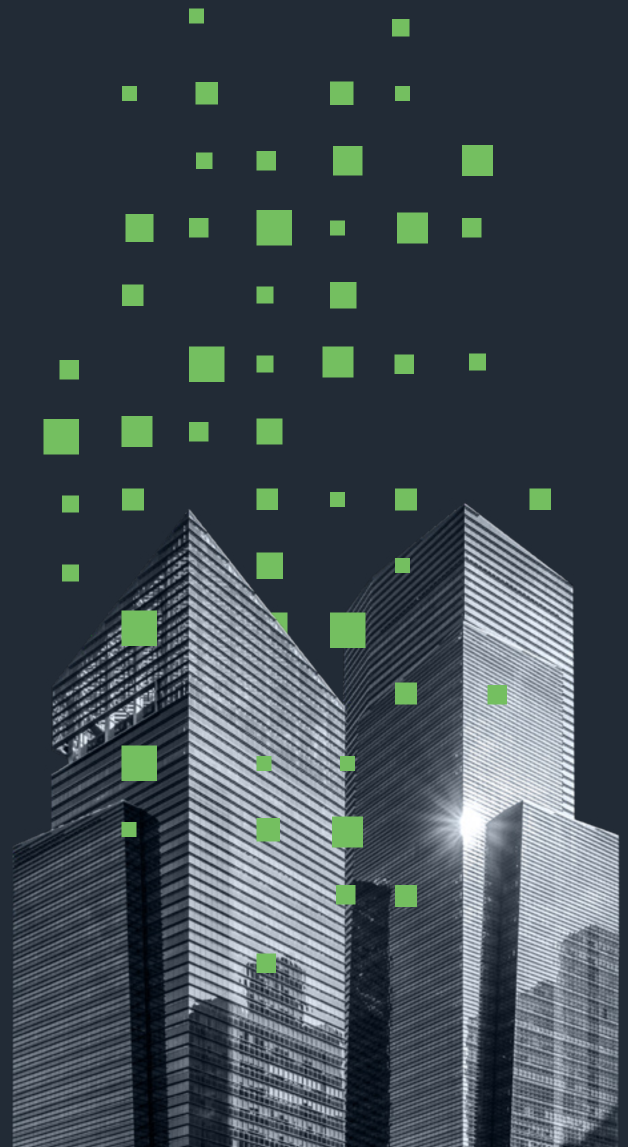
Southeast Asia

2023 overview

The life and health insurance M&A market in Southeast Asia remained active in 2023, with six announced transactions. Some of the key transactions are highlighted below:

- In Singapore, Sumitomo Life Insurance Company, a Japan-based mutual life insurer, increased its ownership in Singapore Life Holdings Pte Ltd (Singlife) by acquiring Aviva Group Holdings' entire 25.94% stake in Singlife for SGD 900 million (c. $660.76 million). This follows Sumitomo Life's initial investment in Singlife back in 2019, with Sumitomo Life viewing Singapore as a key market within its overall Southeast Asia strategy. Following the international disposal program in 2021, the sale represents a further step in the simplification of Aviva's geographical footprint and is consistent with the group's ambition to focus on its capital-light business units.
- Following Sumitomo Life's acquisition of Aviva's stake in Singlife, in December 2023, Sumitomo Life agreed to purchase TPG Capital's entire 35.5% stake in Singlife for SGD 1.6 billion (c. $1.21 billion). Singlife will become a wholly owned subsidiary of Sumitomo Life following the completion of this deal. In addition, Sumitomo Life intends to make an offer to purchase the shares of all other remaining shareholders, which would result in a 100% ownership of Singlife if all of the offers are accepted, with Sumitomo Life effectively acquiring the entire company for a valuation of SGD 4.6 billion (c. $3.47 billion).
- FWD Group Holdings Limited (FWD Group) and other investors acquired a 70% stake in Gibraltar BSN, a life insurer based in Malaysia, from the Prudential Insurance Company of America for an undisclosed fee. This marks FWD Group's entry into Malaysia's life insurance market, where it has been a provider of family takaful (Islamic life insurance) products since 2019.



Southeast Asia

- Great Eastern Holdings Limited, a Singapore-based insurer, entered into an agreement with AMAB Holdings Sdn Bhd and MetLife International Holdings, LLC, to acquire a 100% stake in AmMetLife Insurance Berhad (AML) and AmMetLife Takaful Berhad (AMT), which are Malaysia-based life insurance and family takaful providers, respectively. Under the agreement, Great Eastern Life Assurance (Malaysia) Berhad will acquire 100% of the shares of AML, whereas Great Eastern Takaful Berhad, will acquire 100% of the shares of AMT. Post-acquisition, both AML and AMT will be merged and integrated with Great Eastern Life Assurance (Malaysia) Berhad and Great Eastern Takaful Berhad, respectively. In addition, these entities will enter into an exclusive 20-year bancassurance and bancatakaful agreement for the distribution of life insurance and family takaful products across Malaysia through AMMB Holdings Berhad's banking subsidiaries, AmBank (M) Berhad and AmBank Islamic Berhad. The total consideration for the acquisition and exclusive 20-year distribution partnership is reported to be approximately MYR 1,121 million (approximately $239 million).
- Meiji Yasuda Life Insurance Company sold its entire 29.87% stake in PT Avrist Assurance (Avrist), an Indonesian life insurance company, to the existing majority shareholder, PT Bina Asetanusa, for an undisclosed amount. This was announced together with Meiji Yasuda's decision to terminate the business partnership with Avrist, after consideration of the future direction of Avrist and Meiji Yasuda's international business strategy.

Outlook

The life and health M&A market in Southeast Asia is expected to remain active in 2024. We understand that there are several life insurers that are rumored to be up for sale. In particular, in April 2023, press reports suggested that Tokio Marine Holdings is considering the sale of its Southeast Asia life business units in Singapore, Malaysia, Thailand, and Indonesia, for a reported fee of around $1 billion.

There are also some multinational insurers that are assessing their existing investments in Asia, and natural consolidation opportunities may arise if some foreign or local shareholders strategically look to exit certain markets. In more developed markets with large savings blocks, such as the Singapore market, there is interest from private equity firms, who may be able to reduce the volatility of insurers' balance sheets through reinsurance solutions, while enhancing returns. In Indonesia, new minimum regulatory capital levels and rules around the spin-off of Syariah businesses may result in some transactions, although such deals are likely to be relatively small in size. For other markets, increased scrutiny from regulators, particularly around products and the introduction of more stringent risk-based capital (RBC) regimes, could lead insurers to reconsider their Asian strategy. That being said, Southeast Asia may well continue to be an important market of focus for most insurers operating in this region due to the high expected growth rate of the life insurance industry.

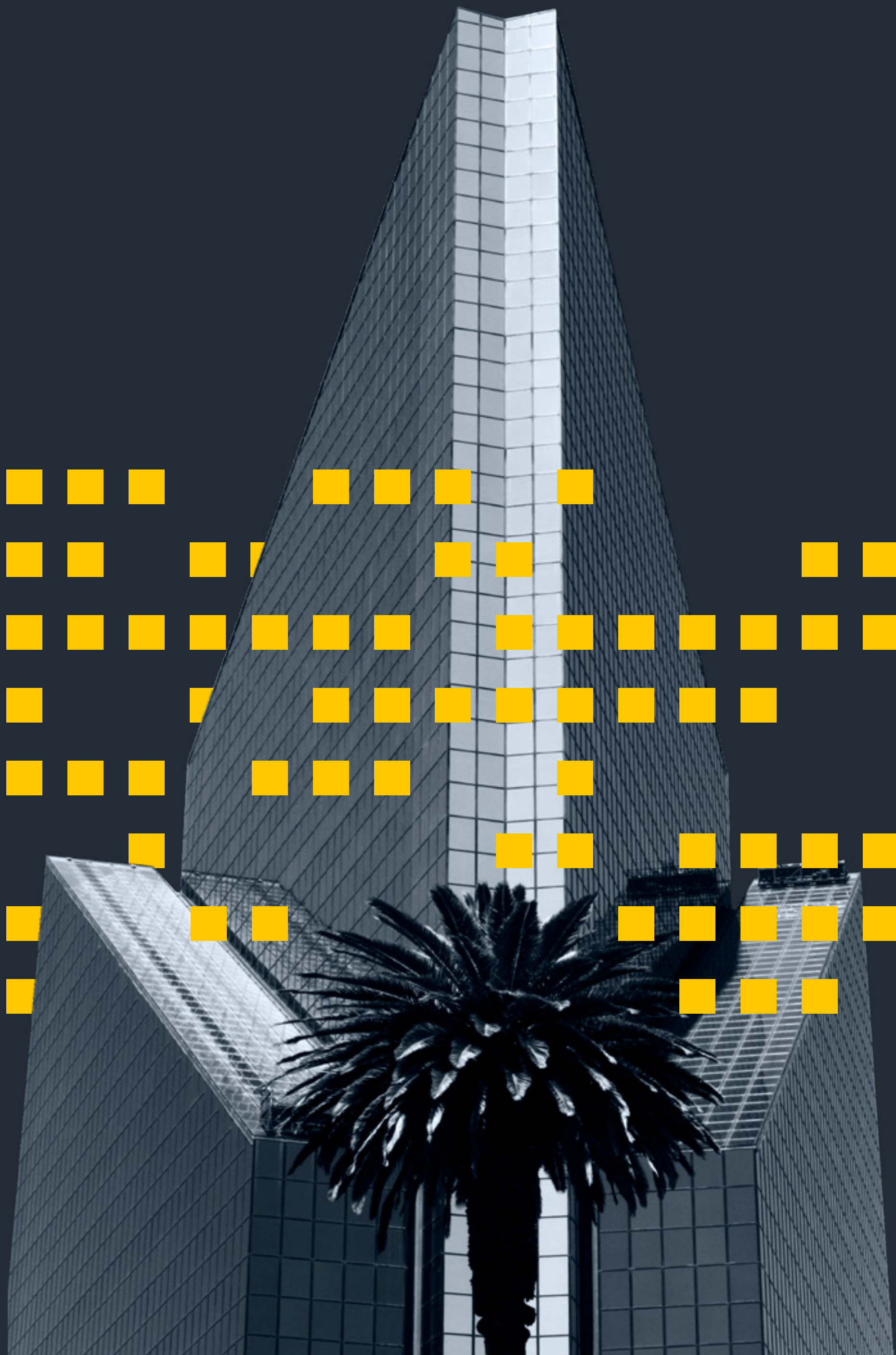
Many of the Southeast Asian countries have adopted an RBC regulatory regime, aligning themselves to other major insurance industries around the world. The implementation of new capital regimes may cause additional pressures on insurers in the short term while firms adapt to the new rules. For example, the enhanced RBC framework in Singapore (RBC 2) that was

Southeast Asia

implemented in 2020 removed the long-term discount rate used to value liabilities, which has led to balance sheets being volatile to interest rate movements. Exposure to market movements may cause variance in balance sheets, as observed during the rise in interest rates in the last few years. However, the volatility of interest rates, with the exception of Singapore, is not expected be a large driver of M&A activity in the short term, as movements in interest rates are relatively short-term in nature in Southeast Asia, and where a large bulk of their products are investment-linked and less sensitive to interest rate movements. In Singapore, capital requirements are very sensitive to the interest rate environment, and, depending on product mix, a sustained high or low interest rate environment may lead to insurers seeking alternative solutions to manage the volatility of their balance sheet.

Private equity remains untested with regulators in most Southeast Asia markets, so there is no expectation for PE to play a big role in these markets. One exception to this is Singapore, where PE ownership is more likely to be accepted; we are seeing increased PE interest in Singaporean insurance business. Furthermore, PE could emerge more in the life insurance sector in Indonesia despite only having relatively small investments from PE to date, although foreign currency pressures may be a barrier to this.

LATIN AMERICA



Latin America — Announced life and health M&A transactions in 2023

5
Number of announced M&A transactions in 2022

5
Number of announced M&A transactions in 2023

Stable activity
Outlook

Announcement date	Target or issuer	Buyer	Seller	Transaction value ($m)	Country
14 August 2023	El Salvador business- Asesuisa	Interamericana Holding Group, S.A.	Suramericana S.A.	43.7	El Salvador
27 July 2023	Insignia Life S.A. de C.V.	Mapfre, S.A.	NA	95.5	Mexico
06 July 2023	INPAO Dental	Care Plus Medicina Assistencial Ltda.	NA	Undisclosed	Brazil
08 May 2023	Annuity Portfolio of Zurich Insurance Group	Ohio National Seguros de Vida S.A.	Zurich Insurance Group AG	Undisclosed	Chile
01 February 2023	Dentegra Seguros Dentales S.A.*	Auna S.A.	NA	16.8	Mexico

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2023 overview and outlook

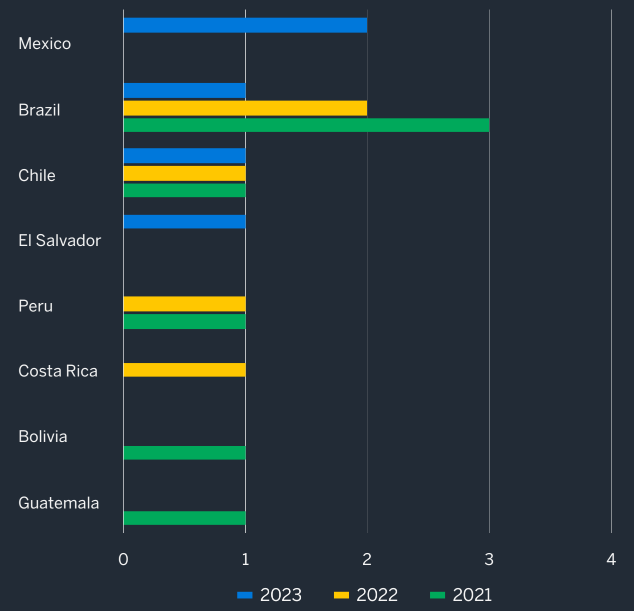
2023 overview

Life and health insurance M&A activity in Latin America in 2023 remained stable, with five announced transactions. This follows five announced transactions in 2022 and seven announced transactions in 2021.

Transactions in 2023 are summarized below:

- The Colombian financial services group, Grupo Sura, sold its insurance operations in El Salvador and Argentina during 2023. The disposals follow Grupo Sura's strategy to recompose/consolidate its Latin America operations and optimize its capital, while maintaining its regional presence in Latin America. In the case of El Salvador, Grupo Sura sold 100% of its shares in Asesuisa to Interamericana Holding Group for c. $43.7 million. The Argentine operation, Seguros Sura S.A. Argentina, mainly focuses on P&C business and was acquired by the local financial group Grupo Financiero Galicia S.A. for c. $19 million.
- The Spanish insurer Mapfre acquired a 94% stake in Insignia Life, a life insurer in Mexico, for c. 1.6 billion MXP (c. $96 million). Insignia Life has more than 2 million clients, which will help strengthen Mapfre's presence in the region. Insignia Life is expected to operate as an independent brand following the transaction.
- Care Plus, a subsidiary of Bupa in Brazil led by Sanitas, quadrupled its customer portfolio in the dental business by acquiring Inpao Dental, which serves 270,000 clients from more than 580 companies. Care Plus is Brazil's leading healthcare company in the premium sector and offers medical, dental, occupational medicine, and preventive medicine services.
- In line with its strategy to focus on the protection and savings business, Zurich Chile agreed to sell its $2.6 billion reserve annuity portfolio in Chile to a local insurer, Ohio National Seguros de Vida S.A.
- The Peruvian network of clinics and medical centers, Auna, acquired a 100% interest in Dentegra Seguros Dentales S.A., a leading Mexican provider of dental and vision insurance. The transaction price was PEN 64.5 million (c. $16.8 million).

Figure 12: Number of announced life and health M&A transactions, Latin America



Source: S&P Global Market Intelligence - Copyright © 2023 S&P Global Market Intelligence (and its affiliates, as applicable), public data, and Milliman analysis.

2023 overview and outlook

In addition, although predominantly being a non-life transaction, Liberty Mutual Insurance Inc. sold its Latin American operations (Brazil, Chile, Colombia, and Ecuador) to the TALANX group (under the brand HDI International). The acquired business consists predominantly of P&C products. This transaction was the largest in value in the region during the year, with a transaction price of approximately $1.48 billion.

Finally, it is important to highlight that during 2023, a significant number of large insurance distribution agreements between insurance companies and financial groups, banks, and retailers were also made. This trend is expected to grow in the following years.

Outlook

The Latin American life and health insurance M&A industry is expected to remain active in future years.

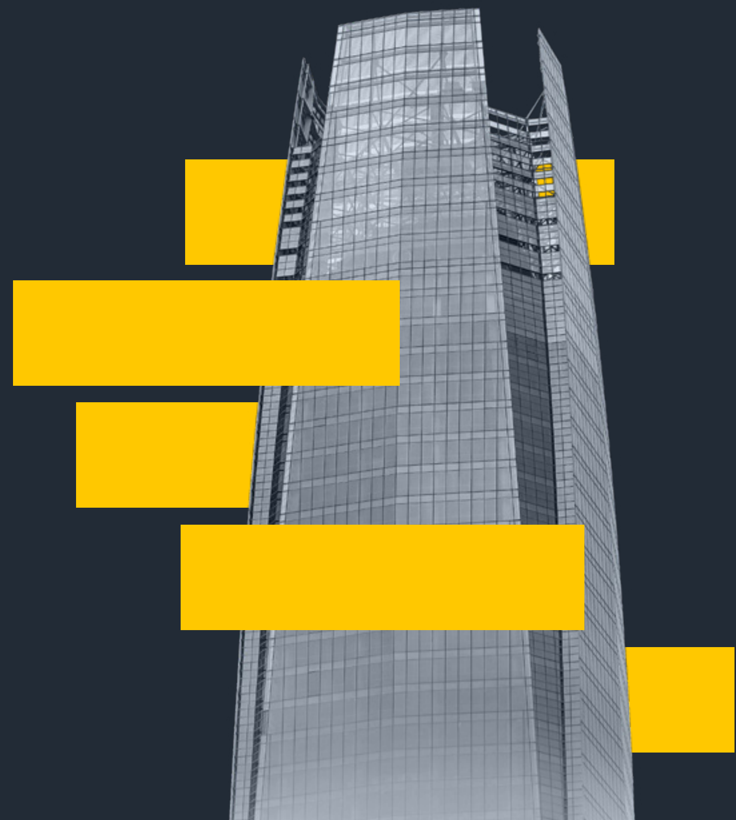
A higher level of demand for life and health business is expected, largely because insurance market penetration in the region is still at a relatively low level when compared to other developed countries/jurisdictions. This indicates potential for future growth as more people become aware of the importance of having insurance coverage.

In addition, the key markets in the region are experiencing rapid advancement in technology and digitization, enabling insurers to reach a wider customer base through digital channels and offer more personalized and accessible products, which is likely to drive growth in the life and health insurance market.

Brazil and Mexico are the two largest economies in Latin America. They continue to experience sustained economic growth, which increases the spending power of the population and their willingness to invest in life and health insurance.

The Chilean life and health M&A market has been one of the most active markets in Latin America in recent years. The Chilean pension system, which was privatized decades ago, has generated a large in-payment annuity market and is a source of recurrent M&A activity.

In the case of Argentina, the economic situation continues to be complex and volatile, which could affect growth and reduce investor appetites for Argentinian life and health business. However, following the change of government in December 2023, it is expected that government policies will be implemented to promote market deregulation and reduce restrictions on foreign investment, which could attract capital to the industry.



About Milliman

M&A services

Milliman is a leading provider of M&A transaction services around the globe. We provide buy-side and sell-side advice to a diverse set of companies, including insurers, reinsurers, consolidators, asset managers, and private equity firms.

With offices around the globe, Milliman can assemble a cross-disciplinary team to evaluate virtually any M&A scenario. Our sophisticated financial models are relied upon to deliver accurate projections and valuations of company assets and liabilities.

Milliman routinely develops actuarial appraisals of companies both large and small. The breadth of our experience in completed transactions gives us a unique knowledge base of current market pricing and market views of potential transactions. Along with appraisal valuation, our models are frequently used for GAAP projections, tax valuation, and to analyze risk management alternatives for an acquisition.

We are a trusted source of independent analysis on a proposed deal's valuation, merits, and weaknesses.

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Milliman

Contacts

Chicago, U.S.

Katie Nelson
katie.nelson@milliman.com

Tanner McKerlie
tanner.mckerlie@milliman.com

London, UK

Ian Humphries
ian.humphries@milliman.com

Chew Hou Ng
chew.hou.ng@milliman.com

Samuel Burgess
samuel.burgess@milliman.com

Lyndsay Wrobel
lyndsay.wrobel@milliman.com

Stuart Reynolds
stuart.reynolds@milliman.com

Buenos Aires, Argentina

Ariel Hojman
ariel.hojman@milliman.com

Fernando Mesquida
fernando.mesquida@milliman.com