

Wilton Re acquires Transamerica Life Canada

Submitted by Josh on October 16, 2014 - 3:10pm

Life reinsurance company buys Transamerica's Canadian business for \$600 million

By Megan Harman | October 16, 2014 16:40

Transamerica Life Canada is branching away from its multinational parent company Aegon N.V., under an agreement announced on Thursday in which the majority of Aegon's operations in Canada will be sold to Bermuda-based life reinsurance company Wilton Re Ltd.

Under the deal, Wilton Re ? which was acquired earlier this year by the Canada Pension Plan Investment Board (CPIB) ? will pay \$600 million for a group of companies that includes Transamerica Life Canada, Canadian Premier Life, Legacy General Insurance Company, CRI Canada and Selient, Inc. The transaction does not include World Financial Group Insurance Agency of Canada Inc.

The acquired insurance business includes a \$10.6-billion portfolio of assets as of Sept. 30, and is comprised of individual life, annuity and segregated funds policies as well as credit insurance products. In addition, Wilton Re will acquire Aegon Capital Management, an investment manager, and Aegon Fund Management, a mutual fund company.

Wilton intends to establish a holding company in Halifax for the newly acquired assets, so that the companies will continue to be Canadian-based, according to Ray McKenzie, senior vice president of sales and distribution at Transamerica Life Canada.

"We will be a standalone Canadian entity," said McKenzie at a meeting in Toronto on Thursday where the company's executives announced the deal.

The transaction puts Transamerica Life Canada into the hands of a strong new owner that is committed to the long-term growth of the company, according to Doug Brooks, president and CEO of Transamerica Canada. He emphasized that the deal does not represent consolidation in the industry.

"I see the transaction as being very positive for all of us," Brooks said. "This acquisition does not involve a merger or integration, so there's no loss of another competitor in the marketplace."

The transaction will see Transamerica Life Canada rebranded with a new name. There will otherwise be few noticeable changes from the perspective of advisors and clients, according to Brooks. He said the management and sales teams will remain in place, along with the company's products, service philosophy, support and underwriting processes.

"There's relatively little that will change, apart from the name and brand," Brooks said. "In terms of impact on day-to-day business, there's continuity."

As part of Transamerica Life Canada's rebranding efforts, the company will enhance its focus on serving the middle market, which is a key area of concentration for Wilton.

"We believe that the middle market represents a significant opportunity in the Canadian marketplace," said Brooks. "Many players have really focused on the mass affluent market, so the middle market is less specifically targeted, and as a result, underserved."

Wilton Re specializes in the acquisition and management of blocks of in-force life insurance and annuities, and provides services to the life insurance and reinsurance markets. Although the company is headquartered in Hamilton, Bermuda, it focuses primarily on the U.S. insurance market, with its U.S. operations centred in Wilton, Connecticut.

Wilton will take a largely hands-off approach in the management of Transamerica Life Canada, according to Chris Stroup, chairman and CEO of Wilton Re.

"Our approach for TLC will be to provide corporate support in those areas where it could be useful ? it could be risk management, asset management or HR support, but largely to leave TLC to be managed by Doug [Brooks] and the [rest of the management] team," said Stroup.

The transaction is subject to regulatory approval, and is expected to close in the first quarter of 2015.

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